

Best Value

Inverclyde Council



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
July 2026

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Accessibility

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Key facts

	62	Square miles
	78,330	Population
	44.7%	Proportion of all data zones in Inverclyde that are within the 20 per cent most deprived in Scotland, according to Scottish Index of Multiple Deprivation (2020)
	4,494	Workforce (headcount)
	22	Elected members 9 Scottish Labour, 6 Scottish National Party, 5 Independent, 2 Scottish Conservative and Unionist (Minority Labour administration)
	£11.1m	General Fund funding gap (after savings) projected over 2025/26 to 2027/28 (as of December 2025)
	£255.9m	General Fund net revenue expenditure 2024/25
	£22.9m	Capital expenditure 2024/25

Commission findings

The Commission welcomes and endorses the report by the Controller of Audit on Best Value in Inverclyde Council (presented at [page 6](#)) and the recommendations made by the auditors in their Annual Audit Report 2024/25. Following consideration of these reports at its meeting on 18 June, the Commission has made the findings presented below:

- 1** Operating with a complex demographic and economic backdrop for service delivery, we are impressed by Inverclyde Council's focus on improving outcomes for communities, continuous improvement, and its strong performance relative to other councils, including those with lower levels of deprivation. The council's multi-faceted approach to involving communities meaningfully in decisions about budgets and service transformation should be commended. Independent evaluation of specific projects to tackle child poverty shows services are more coordinated, shaped by community input, and are delivering improved outcomes.
- 2** There is strong evidence that the council works well with a range of local, regional and national partners and that the Inverclyde Alliance's focus on child poverty is working. Maintaining its area-based focus on tackling the region's economic challenges will be important, alongside delivery of the updated Local Development Plan by March 2027 to ensure that regeneration and economic growth opportunities can be realised.
- 3** We are pleased to see robust short-, medium- and long-term financial planning, and delivery of almost all planned annual savings – the council's detailed, service-level approach is working well. However, given the challenges identified in the financial strategy, the council's plans need to demonstrate more ambition. We would endorse the auditor's recommendation around the development of aligned medium-term savings plans and expect the council to use these plans to continue its dialogue and engagement with communities on proposed service changes.
- 4** We note that the council's digital modernisation and transformation activities are embedded within wider plans and strategies, but rely on service staff with 'day jobs', creating capacity and delivery risks. Continued strong governance and oversight of digital and transformation work will remain essential as the council considers the projects now required to bridge identified budget gaps, reduce its reliance on reserves and support longer-term sustainability.

- 5** We recognise that Inverclyde Council's experience of developing formal shared services with other councils has been mixed, and that following independent evaluation, only shared internal audit services remain. Building on the lessons learned and evaluation, we would encourage the council to continue to be open to exploring opportunities to collaborate with other local government and public sector partners, where it can see opportunities for savings, while ensuring value for money and local service resilience. This finding is applicable to all councils across Scotland as they grapple with financial sustainability challenges.

 - 6** The council's assessment of hybrid working has drawn on staff views, but this should be strengthened through the use of existing performance data to better understand impacts on service quality and outcomes.
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Controller of Audit report

1. This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the 2022/23, 2023/24 and 2024/25 annual audits of the council, with the latter reported in December 2025. [Appendix 1](#) includes links to the 2022/23, 2023/24 and 2024/25 Annual Audit Reports and [Appendix 2](#) includes a link to the Best Value Statutory Guidance.

2. The reporting of Best Value is undertaken through the annual audit of each council and includes detailed work focusing on a Scotland-wide theme. The Best Value theme for 2022/23 was councils' leadership of the development of new local strategic priorities while the 2023/24 theme focused on workforce innovation. The theme for 2024/25 was transformation and how councils are redesigning and delivering services to achieve planned outcomes.

Pace of continuous improvement

3. The council has mechanisms in place to support continuous improvement. It has a three-year cyclical programme of service self-evaluations against the Improvement Service's Public Service Improvement Framework.

4. In their 2022/23 annual audit report, auditors recommended that the council expand its self-evaluation arrangements to include overall reporting against Best Value themes at a council level. The council has actioned this, reporting its self-assessment on Best Value to the Policy and Resources Committee in August 2024 and reporting progress on an associated improvement plan at six-monthly intervals.

5. The council has appropriate arrangements to monitor progress against both internal and external audit recommendations. Progress against external audit recommendations has been good overall but follow up indicates some areas of slow progress or where initial momentum has been lost. For example, a recommendation from the 2019/20 annual audit report on preparing an updated local development plan remains open with a revised completion date of March 2027.

Best Value Assurance Report (BVAR) follow up

6. In the council's last full BVAR in 2017, the Commission found that the council had a clear long-term vision, a culture of performance management, and effective leadership by elected members and senior officers. The Commission also recognised the council's strong commitment to partnership working with other public bodies and local communities.

7. The 2017 BVAR made a number of recommendations, which the council addressed. These included using the Local Outcome and Improvement Plan to develop a single set of outcomes with partners, developing more detailed workforce plans and longer-term workforce forecasts, and progressing community empowerment.

Vision, leadership and governance

Vision and strategy

8. The council implemented its Strategic Planning and Performance Management Framework in 2023 and refreshed this in 2025. The framework incorporates the Council Plan 2023–28, the Inverclyde Alliance Partnership Plan 2023–33, Committee Delivery and Improvement Plans 2023–26, and service plans.

9. The council supports the delivery of its strategic priorities through Committee Delivery and Improvement Plans. These cover the period from 2023–26 and are refreshed annually. They capture actions related to strategic priorities and areas for improvement identified through self-evaluation, external audit, and service reviews. The plans also include key performance indicators and targets. In their 2022/23 report on leadership, auditors noted that the council had used these plans to set out links between actions, strategic priorities and local outcomes more explicitly.

10. The council also put in place Service Delivery and Improvement Plans in 2023 to promote a consistent approach to service performance and improvement. These set out key operational actions and activities, service self-evaluation improvements, operational-level key performance indicators, and relevant local government benchmarking framework (LGBF) indicators.

Leadership and governance

11. Auditors have reported that the council has effective leadership and governance arrangements in place.

12. Elected members work respectfully and collaboratively, with cross-party forums in place to help achieve consensus. The council held workshops for elected members to contribute to setting council and committee plan priorities.

13. There has recently been turnover in the council's senior management. A new chief executive (who was formerly the council's director of environment and regeneration) took up post in May 2025 and a new chief financial officer was appointed in September 2025. Auditors will begin to consider the impact these changes have had on leadership and governance in annual audit work for 2025/26.

14. In 2022/23, auditors noted that a number of policies were beyond their due date for being reviewed and updated. This included the council's anti-fraud and corruption policy, health and safety policy, and employee code of conduct. In 2024, the council established a timetable for review of its policies, with these now being updated and progress reported to the Corporate Management Team.

Citizen and community engagement

15. The council has engaged with communities in developing its plans, both at strategic and project level.

16. The Council Plan 2023–28 and Partnership Plan 2023–33 were informed by engagement in which 2,800 people provided feedback on priorities for Inverclyde and how they might be achieved. This included an open public consultation, listening events, citizens' portals and employee surveys.

17. The council has also publicly consulted on its budgets. In late 2023 into early 2024, it consulted on its budget for 2024 to 2026, and in early 2026 it consulted on its budget for 2026 to 2028. This engagement included seeking the views of residents on council tax and savings proposals.

18. The council reported that the 2026–28 budget survey received 566 responses, with a number of special interest groups also providing their views. March 2026 budget papers included information on the proportion of residents agreeing with different budget savings proposals and with different levels of increase to council tax and fees and charges. A summary of key themes emerging from written comments was also included, which drew out concerns about impacts on vulnerable or disadvantaged groups.

19. In their 2024/25 report on transformation, auditors found that the council also consulted communities to inform its transformation plans. For example, all four projects under the 'Inverclyde approach to tackling child poverty' initiative employed measures to engage communities, including vulnerable groups. This included co-design, online surveys and hosted events.

Effectiveness of performance reporting

20. The council has sound arrangements for performance management and reporting.

21. The council's Performance Management Framework was approved in March 2023 and refreshed in July 2025. The framework sets out performance reporting arrangements, which include:

- An annual report to the Inverclyde Alliance Board setting out progress and performance in delivering the Partnership Plan 2023–33.
- Six-monthly progress reports and an annual report to the Policy and Resources Committee on progress and performance in delivering the Council Plan 2023–28.
- An annual report to the Policy and Resources Committee on LGBF performance.

22. Each directorate also reports to the relevant committee periodically on performance in the delivery of their Committee Delivery and Improvement Plan.

23. To promote transparency, the council has a dedicated public performance reporting webpage that provides snapshots on council performance and links to where more information is available.

Reported performance

Council performance reporting

24. The 2024/25 annual performance report was presented to the Policy and Resources Committee in November 2025. It highlights progress against the 40 indicators and three strategic priorities set out in the Council Plan 2023–28.

25. Performance indicators are categorised and reported against the three themes outlined in the council plan:

- People (14 indicators): eight are on or above target, four are below target (of which two are within five per cent tolerance) and two are data only.
- Place (12 indicators): three are on or above target, six are below target (of which one is within five per cent tolerance) and three are data only.
- Performance (14 indicators): ten are on or above target and four are below target (of which one is within five per cent tolerance).
- Total (40 indicators): 21 are on or above target, 14 are below target (of which four are within five per cent tolerance) and five are data only with no target set.

26. The council reported challenges in areas including the percentage of looked after children with a permanence plan within six months of being accommodated, the total number of days lost due to sickness absence per employee and the percentage of the Inverclyde road network that requires maintenance treatment.

LGBF performance

27. An overview of movements on all LGBF indicators as of May 2026 is shown in [Exhibit 1](#) alongside the averages for all Scottish councils. These show a good level of improvement in performance. Of the 102 LGBF indicators, 59 (58 per cent) have improved since the base year, four (four per cent) have remained the same, and 39 (38 per cent) have worsened.

28. The service areas with the highest proportion of indicators improving since base year were tackling climate change (80 per cent), children's services (69 per cent) and culture and leisure services (63 per cent). In contrast, the areas with the highest proportion of indicators declining were adult social work services (64 per cent) and economic development (62 per cent).

29. Performance against LGBF indicators in comparison to other councils has improved. Fifty-nine per cent of indicators were in the top two quartiles in the most recently published data, compared to 55 per cent in the base year. Nationally the council ranks third out of 32 councils for indicators in the top two quartiles. It performs above the family group average and ranks in the top two in each family group for both the area-based and population-based comparisons for this measure.

Exhibit 1.

Inverclyde Council – LGBF indicator summary May 2026

Council movements are shown alongside Scotland averages in brackets.

	Cost indicators %	Performance indicators %	Satisfaction indicators %	All indicators %
Movement in last year				
Improved	70 (54)	45 (43)	45 (24)	50 (42)
Stayed the same	5 (9)	21 (22)	9 (9)	17 (19)
Declined	25 (37)	34 (34)	45 (68)	33 (38)
Movement since base year				
Improved	45 (54)	69 (65)	9 (7)	58 (57)
Stayed the same	5 (1)	4 (6)	0 (2)	4 (5)
Declined	50 (44)	27 (29)	91 (90)	38 (38)
Indicators in the top two quartiles				
Most recent year	40	63	73	59
Base year	60	50	82	55

Note: Scotland average movements are shown in brackets.

Source: LGBF as of 11 May 2026

Workforce planning

30. The council has strategies and plans in place to manage and develop its workforce. It has promoted remote working and has reported benefits from this, including financial savings and positive feedback from staff.

Workforce strategy and plans

31. The council has a People and Organisational Development Strategy for 2024–27 in place.

32. The strategy sets out workforce and organisational development priorities, covering areas including leadership, succession planning, skills development and equalities. It was informed by stakeholder engagement, including with trade unions and staff forums, as well as by statistical analysis. The strategy includes a framework for reporting to senior officers and elected members and is accompanied by an action plan.

Monitoring

33. The council's Annual Performance Report 2024/25 includes updates on workforce initiatives in areas such as succession planning, leadership development, employee performance appraisals and equalities. It also includes key performance indicator trend reporting on the council's gender pay gap and staff days lost to sickness absence. In addition to the annual performance report, there is also specific workforce reporting to elected members (through the Policy and Resources Committee) and to the Corporate Management Team.

Flexible working

34. The council has a policy that sets out the range of options it offers for flexible working, how it assesses flexible working requests, and how it monitors individual cases.

35. In response to a 2023/24 audit recommendation, the council worked with the Improvement Service to make an assessment of the impacts of hybrid working on service quality and outcomes and reported the results to its Policy and Resources Committee in June 2025. This assessment found that most staff surveyed considered hybrid working had either had a positive impact (39 per cent) or no impact (40 per cent) on service delivery. Sixty-six per cent of those surveyed reported either a positive or very positive experience of working from home, with just five per cent reporting a negative experience. The council plans to incorporate the findings of the assessment into its flexible working policy.

36. Flexible working has also contributed to financial savings plans. In its 2024-26 budget, the council approved a net saving of £400,000 from operating a reduced number of buildings. This was partly linked to a reduced need for office space as a result of flexible working. Of this saving, £50,000 was delivered in 2025/26, with the remaining £350,000 now expected to be delivered over 2026/27 and 2027/28.

Transformation

37. The council has delivered impactful initiatives to improve outcomes for communities and to address inequalities. It has also delivered recurring savings, but needs to identify further measures to support financial sustainability given the challenges identified in its financial strategy.

Planning

38. The council's plans for transformation are embedded within its wider plans and strategies. The Council Plan 2023–28 and Committee Delivery and Improvement Plans identify programmes and measures relating to transformation and efficiency. These include the Delivering Differently and Digital Modernisation programmes:

- The Delivering Differently programme was formally established in 2017 and comprises service design and review projects.
- The Digital Modernisation Project Board was set up in 2023 to implement digital improvements. The council allocated £1 million reserves to the Digital Modernisation programme in its 2023/24 budget.

39. The council has identified specific projects with detail on anticipated costs and benefits. It is clear how these will address funding gaps and contribute to financial sustainability.

40. Projects vary in scale and in their 2024/25 report on transformation, auditors highlighted that identified savings are not sufficient to bridge the forecast funding gap. The council therefore needs to consider projects to generate further savings and/or income. The council intends to do this through its digital modernisation and transformation initiatives. Progress will be reported in the 2025/26 annual audit report.

Programme management and delivery

41. The council has set up boards to oversee the delivery of transformation. The Digital Modernisation and Transformation Project Board is chaired by the chief executive and includes membership from across the council. It reviews business cases for new projects, monitors progress with ongoing projects, and receives project evaluation reports following implementation. Project evaluation reports include analysis against intended outcomes and insights on lessons learned.

42. The council also has Change Boards in place at a directorate level. Their remit includes oversight of the Delivering Differently programme, as well as more widely developing savings proposals and identifying additional opportunities for service redesign at directorate level.

43. Elected members have oversight of the Digital Modernisation and Delivering Differently programmes through updates to the Policy and Resources Committee. Other committees also receive updates on relevant transformation activity through Committee Delivery and Improvement Plan reporting.

44. The council does not have dedicated staff responsible for managing transformation activity, instead this is undertaken by existing staff at service level. The council recognises that availability of resources and skills poses a risk to the delivery of its transformation ambitions.

Partnership working

45. The council has undertaken a range of jointly-funded transformation activity. This has included Glasgow City Region City Deal projects, UK Government levelling up funding to transform Greenock town centre, and the Inverclyde Routes into Supported Employment project with the Inverclyde Health and Social Care Partnership.

46. Additionally, the council and the Health and Social Care Partnership are leading and funding a £10 million project to develop a new community hub for people with learning disabilities, with Hub West Scotland acting as development partner. The project has attracted approximately £1 million in grant funding from the Scottish Government.

47. While it continues to collaborate with partners, the council has moved away from shared service arrangements. In 2019, it set up a shared service joint committee with West Dunbartonshire Council and appointed a head of shared service. The head of shared service's remit was to lead shared roads and transportation services and to develop and implement a wider model for shared front-line services. This remit was expanded over 2019 to 2021 to include internal audit, waste, fleet and grounds.

48. Following an independent evaluation in 2022, both Inverclyde and West Dunbartonshire councils reached the recommendation to dissolve the roads, waste, fleet and grounds elements of the service. The shared chief internal auditor post remains in place.

Impacts

49. The council can evidence examples of positive impacts from its transformation activity. For example, an independent evaluation of the council's 'Inverclyde approach to tackling child poverty' initiative found that it was successfully addressing the factors that contribute to child poverty and improving outcomes for residents and families.

50. In relation to digital modernisation, auditors recommended in the 2023/24 Best Value thematic report on workforce innovation that the council put in place a system of overall assessment of impacts on service quality and outcomes. This would provide greater insight into whether intended objectives have been achieved. In 2024/25, auditors reported that the council planned to conduct a digital maturity assessment to establish its current position, with the first steps being a staff survey.

51. The council uses timely equality impact assessments to identify and document how its plans will affect vulnerable and protected groups. These informed the development of both the Council Plan 2023–28 and the Partnership Plan 2023–33, as well as being carried out for annual

budget-saving proposals. Auditors have reported that the council's impact assessments include detailed analysis of impacts and a transparent approach, with assessments published on the council's website.

Financial management and sustainability

52. The council has appropriate arrangements for financial management and sustainability but needs to identify further savings and/or income generation measures to bridge its funding gap ([Exhibit 2](#)).

Exhibit 2. Inverclyde Council – key financial information

Budget-setting	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Budget gap	6.0	11.4	6.0	7.6
Planned to be met via:				
• Savings and flexibilities	1.4	6.7	3.4	3.4
• Use of reserves	4.0	3.0	2.6 ¹	1.2
• Additional council tax / funding	0.6	1.7	-	3.0
• Council tax increase (%)	1.95%	5.30%	8.20% ²	8.50%
Actual				
Savings delivered	1.4	6.6	3.3	
Reserves:				
Contribution to / (Use of) reserves	10.6	(10.2)	0.5	
Total usable reserves carried forward:				
• General Fund				
– Earmarked or committed	19.7	34.0	31.0	
– Uncommitted	7.7	4.5	4.4	
• Capital and other	10.1	9.2	11.9	

Notes:

1. The council's 2024/25 budget also included a £3.0 million capital reserves transfer.
2. The Scottish Government announced a council tax freeze for 2024/25 in October 2023, funding the equivalent of a five per cent increase. The council did not accept the freeze and increased council tax by 8.2 per cent. The council subsequently accepted Scottish Government funding to refund residents for the increased cost in the form of a one-off rebate.

Source: Inverclyde Council 2024/25 annual accounts and Inverclyde Council papers

Financial management

53. The council's revised service expenditure budget for 2024/25 was £256.0 million, an increase from the £251.2 million agreed at budget-setting. Actual service expenditure for 2024/25 was within the revised budget at £255.9 million. The council has appropriate budget-setting and monitoring arrangements, with senior officers and elected members receiving regular updates.

54. The council has relatively high finance costs as a proportion of its net revenue stream at 8.0 per cent. It has a Treasury Management Strategy and Investment Strategy for 2024–28, which governs its borrowing.

55. The council's capital spend of £22.9 million in 2024/25 was primarily funded through £16.5 million government grants, with the remainder covered by internal funding and borrowing (£5.9 million) and capital receipts (£0.1 million).

56. The council has experienced challenges in capital programme delivery including inflationary pressures, availability of materials and labour, difficulty attracting bids for certain contracts, recruitment challenges within the council, and uncertainty on future funding levels from some council partners.

57. The council has mitigated this through a £4.0 million contingency from the General Fund to reduce delays owing to increased costs, regular contractor and market engagement, review of expenditure estimates for the 2025/26 budget, and advancement of some projects to mitigate slippage in others. This has supported advancement (ie, capital expenditure being more than budgeted for the year) of £198,000 in 2024/25.

Savings

58. During the 2024/25 budget-setting process, the council agreed to savings of £3.4 million for the year. The council reported it delivered all but £0.07 million of this amount. The 2025/26 budget included £3.4 million further savings. The council has appropriate arrangements in place to monitor savings delivery.

59. In their 2023/24 annual audit report, auditors highlighted that savings plans were limited to the two-year period covered by the council's budget. They recommended that the council consider developing savings plans over the medium term, which the council committed to doing as part of the 2026/27 budget development process.

Reserves

60. The council's 2024/25 budget included a £2.6 million contribution from general reserves to balance the budget. The council used a further £1.2 million of reserves to balance its 2025/26 budget. This was in line with the council's strategy to ensure sustainable management of their reserves.

61. The council's reserves strategy sets out a minimum uncommitted General Fund balance of £4.0 million. Though this balance has decreased from £7.7 million as of 31 March 2023, it has remained in line with the council's policy, with a balance of £4.4 million as of 31 March 2025.

62. The council's total usable reserves remained relatively stable between 2023/24 and 2024/25, with a £0.5 million (1.0 per cent) reduction. This followed a £10.2 million (27.2 per cent) increase between 2022/23 and 2023/24.

Financial sustainability

63. The council has a ten-year financial strategy in place, which it updates every six months. The strategy identifies potential issues over the short, medium and long term. Revenue forecasts are limited to the period for which they can be reasonably estimated, so funding gaps are set out over a three-year period.

64. As of June 2025, the financial strategy estimated a funding gap for 2025/26 to 2027/28 of £19.9 million before savings, reducing to £16.4 million after savings. The December 2025 update revised this to £15.5 million before savings and £11.1 million after savings. The reduction in the funding gap as of December 2025 reflects revised assumptions around inflation and general budget pressures, and additional savings approved in November 2025 for 2026/27 to 2027/28.

65. The strategy also presents pessimistic, mid-range and optimistic scenarios for 2026/27 to 2028/29. These project funding gaps of £29.7 million, £16.8 million and £8.9 million respectively (as of December 2025). These figures exclude any council tax increases post-2025/26, which the council forecasts could generate an additional £6.0–12.6 million over three years based on a five to ten per cent increase.

66. The council plans to bridge funding gaps primarily through savings and reserves. It will need to ensure that it continues to maintain its reserves balance through any use of reserves to balance the budget, while identifying further savings options to ensure continued financial sustainability.

Appendix 1

Annual Audit Reports

These reports summarise the findings from the 2022/23, 2023/24 and 2024/25 annual audits of Inverclyde Council.

Each Annual Audit Report comprises:

- significant matters arising from the audit of the council's Annual Accounts
- conclusions on the council's performance in meeting its Best Value duties
- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice 2021:
 - Financial management
 - Financial sustainability
 - Vision, leadership and governance
 - Use of resources to improve outcomes.



**2022/23
Annual Audit Report
Inverclyde Council
December 2023**



**2023/24
Annual Audit Report
Inverclyde Council
December 2024**



**2024/25
Annual Audit Report
Inverclyde Council
December 2025**



Appendix 2

Best Value Statutory Guidance

The Local Government in Scotland Act 2003 introduced a statutory framework for Best Value for local authorities. The Best Value duties set out in the Act are:

- to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development
- to achieve break-even trading accounts, subject to mandatory disclosure
- to observe proper accounting practices
- to make arrangements for the reporting to the public of the outcome of the performance of functions.

Best Value

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