

Agenda

Thursday 15 January 2026 10.00am

Online via Microsoft Teams

528th meeting of the Accounts Commission

Public session

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|--|-----------------------------|-------|
| 1. Apologies for absence | Chair | 10:00 |
| 2. Declaration of connections | | |
| 3. Order of business
The Chair seeks approval of business including taking items 8 to 13 in private for the reasons set out on the agenda. | | |
| 4. Minutes and matters arising from previous meeting | Director for the Commission | 10:05 |
| 5. Local government policy update | Policy Manager | 10:10 |
| 6. Chair's update | Chair | 10:20 |
| 7. Any other public business
The Chair will advise if there is any other public business to be considered by the Commission. | Chair | 10:30 |

Private session

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| 8. Controller of Audit's update (<i>including audit delivery update</i>)
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Controller of Audit | 10:30 |
| 9. Local government financial bulletin 2024/25 – draft report
[Item to be in private as it requires the Commission to consider the draft of a forthcoming publication.] | Executive Director of Performance Audit and Best Value | 10:40 |
| <i>Break</i> | | 11:15 |
| 10. Commission expectations and recommendations: Rationale and proposed principles
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Audit Director, Performance Audit and Best Value | 11:30 |
| 11. Impact of Commission findings: Best Value reports 2022/23 and 2023/24
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Director for the Commission | 11:50 |

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| 12. Audit Services Group audit delivery update
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Audit Director, Audit
Services Group;
Executive Director of
Audit Services | 12:10 |
| 13. Firms audit delivery update
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Director of Audit
Quality and
Appointments | 12:30 |
| 14. Any other private business
The Chair will advise if there is any other private business to be considered by the Commission. | Chair | 12:50 |

Close of meeting	12:55
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Minutes

Thursday 11 December 2025 10.00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
527th meeting of the Accounts Commission

Present:

Jo Armstrong (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie
Carol Evans
Jennifer Henderson
Angela Leitch
Christine Lester (*online*)
Ruth MacLeod
Mike Neilson
Derek Yule

In attendance:

Sarah Watters – Director for the Accounts Commission
Joe Chapman – Policy Manager for the Commission
Helena Gray – Controller of Audit
Alison Cumming – Executive Director of Performance Audit and Best Value
Vicki Bibby, Chief Operating Officer (*from Item 10*)
John Boyd, Audit Director, Audit Scotland Group (*Items 5 & 11*)
Blyth Deans, Audit Director, Performance Audit and Best Value (*Item 6*)
Sarah Gadsden, Chief Executive, Improvement Service (*Item 6*)
Owen Smith, Director of Audit Quality and Appointments (*Item 12*)
John Gilchrist, Manager, Audit Quality and Appointments (*Item 12*)
Stephen Boyle, Auditor General for Scotland (*Item 13*)
Paul O'Brien – Director of Quality and Support (*Items 14 & 15*)
Sally Thompson – Future Public Audit Model Project Manager (*Items 14 & 15*)

1. Apologies for absence

No apologies were received.

2. Declarations of connections

- Nichola Brown declared a connection to items 5 and 11 due to her role on North Lanarkshire Council's Strategic Leadership Group, which forms part of the council's Community Planning Partnership

(CPP), her role as Chief Executive of a third sector body which receives funding from the council, as well as being a resident of the area. Having taken advice from the Director and Ethics Partner, Nichola stated she would recuse herself from both items and leave the room.

- Malcolm Bell declared a connection to item 6, in respect of his work as a member of the Standards Commission for Scotland (SCS) who undertake work with the Improvement Service, and items 14 and 15 due to SCS being an audited body. Having taken advice from the Director and Ethics Partner, he did not consider his connections material and therefore would remain in the meeting and participate in the discussion of these items.
- Jennifer Henderson, Angela Leitch and Carol Evans declared connections to items 12, 14 and 15, due to their roles within audited bodies. Having taken advice from the Director and Ethics Partner, they did not consider their respective connections material and therefore would remain in the meeting and participate in the discussion of these items.

3. Order of business

It was agreed that items 10 to 17 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meetings

The minutes of November's meeting were agreed as an accurate reflection of the discussion, and the minutes were approved as final. Sarah Watters, Director for the Commission, provided the following updates on actions:

- Best Value Transformation Thematic report – publication scheduled for May 2026, earlier than the previous year's thematic report and closer to the audit year on which it is based
- Commission's Work Programme – Sarah is working with Performance Audit and Best Value (PABV) to confirm the sponsors for 2026/27 and will work with them to review the sponsor guidance, one year on from approval.

5. Best Value in North Lanarkshire Council

The Commission considered the Controller of Audit's (CoA) Best Value report on North Lanarkshire Council. The discussion explored the following themes:

- Finances
 - Budget gap – £136.9 million over next 5 years. Medium term financial plan (MTFP) does not set out how £31.9 million of reserves earmarked for budget pressures will be used. Council tax strategy agreed December 2024, 10 per cent increase from 25/26 to 27/28, returning to 1% thereafter

- Past savings – £80 million to date, including £20.2 million for 2024/25, identified and implemented at service level
- Capital investment and borrowing – ambitious capital plan, prudent borrowing strategy, careful monitoring. 6.1 per cent financing costs in line with Scottish average of 6 per cent and below the 'family group' average of 6.6 per cent. Future funding to include Community Investment Fund, reserves and borrowing.
- Reserves – 34.1 per cent of revenue budget, Scottish average 19.3 per cent. Auditors recommended review of reserves strategy.
- Integration Joint Board (IJB) – comparatively strong reserves position with small surplus in 2024/25. MTFP approved March 2025, forecast £51.9 million funding gap over three years and included IJB reserves strategy.
- Transformation
 - Benefits realisation – framework due June 2026 to inform priorities. Council scrutinises activity using 28 'health check' indicators, current reporting shows good resource management.
 - Workforce reform – Staff engagement recommendation progressing with a proposed change to staff survey being taken to Committee.
- Performance
 - Indicators – benchmarking shows mixed performance across services but performing well overall, including strong and improving performance in housing and homelessness.
 - Satisfaction – indicators have declined, trend across Scotland, linked to public expectations against reduced resources. Community engagement essential to address concerns.
 - Good practice – ambitious housing initiative, and investment in regeneration. Community hubs to be embedded to integrate services, including health and social care, and community planning boards. Lead role in social care across Lanarkshire
- Leadership and governance
 - Leadership review – plan refreshed 2022/23, guidance updated to emphasise member involvement. Member scrutiny is evident. Governance review is underway including committee and members' roles, and engagement.
 - Member support – concern over uptake of previous induction training events. In response, event timings were reviewed, and recordings and informal training to be provided.
- Workforce
 - Hybrid working – permanent scheme introduced April 2024, auditors recommended that the impact of this be monitored, which is underway with an update to be taken to Committee
 - Staff engagement – extensive activity in 2024 including roadshows attended by over 2,000 staff. New survey pilot underway.

- Local employment rates – Brighter Futures Programme discussed. Economic impact indicators monitored at committee level.
- Council-specific issues
 - Exit packages – approved in line with council policies following restructure in September 2024. Auditors recommended strengthening supporting evidence, and consideration of escalation of issues involving senior officers to elected members.
 - Mears – previous joint venture contract wound down following whistleblowing concerns. Mears was the only bidder for the roads and infrastructure maintenance contract, internal audit satisfied that the bid represents value for money. Lessons learned from previous contract have been implemented.
 - Helena Gray highlighted an error in her report – new contract for roads and infrastructure maintenance is with Hochtief, not Amey (the previous contractor); this will be corrected.

At this point in the meeting, the Chair noted that the Teams chat function had been used for comments by observers. She reminded everyone that this was not the purpose of the chat function, and that comments from observers during the public session did not form part of the discussion on Best Value reports. Comments made in the chat have not, therefore, been referenced in this minute.

Following discussion, the Commission agreed to decide in private how it wishes to respond to the report.

6. Joint Working Agreement: Audit Scotland and Improvement Service – annual update

Sarah Gadsden, Chief Executive, Improvement Service and Blyth Deans Audit Director, Performance Audit and Best Value (PABV) provided an update on collaborative work undertaken by Audit Scotland and the Improvement Service (IS) over the past year

Discussions focused on a number of areas:

- Crerar workstream/Self-evaluation framework –
 - framework to be available by end of March 2026 and will incorporate existing Public Service Improvement Framework (PSIF)
 - Intention to roll out pilots across some local authorities next year, which will likely involve a mix of self-selected and invited authorities to ensure good representation. Best Value thematic audit work is informing pilot design
 - Discussions planned with COSLA and Solace in January 2026 to align with end of March target date
- Support for elected members:

- national induction materials are being developed, and the Local Councillor Training Academy launching in collaboration with The Open University in 2026
- Additional resources will be available to prospective candidates, including guidance on the role of elected members
- An elected member checklist of scrutiny questions to ask officers will be included in the draft financial bulletin which will come to the January Commission meeting
- Data returns and rationalisation:
 - Scottish Government launching group to review lifecycle of data returns to reduce duplication and improve coherence of data
 - Pilots will examine what is collected and how it is used
 - Audit Scotland data returns added to the online return register to improve visibility

Community Planning Partnerships (CPP) engagement:

- The Commission has expressed interest in a roundtable on CPPs as part of its 26/27 work programme. Audit Scotland colleagues will liaise with the IS to inform the planning of this work. It was noted that a strategic discussion is needed to ensure meaningful outputs, and to avoid a repeat of previous discussions on this subject.
- Findings from the most recent national community planning self-assessment, carried out in 2024, will inform this work.
- Sector support:
 - Strengthening financial capability across the sector is important to support effective audit processes and planning.
 - Responsibility sits with CIPFA and others but IS is happy to share peer collaborative improvement methodology to support
 - Members noted a need to link finances with service outcomes
- Statutory services:
 - IS working with Solace to develop standard definition of statutory services. Portal planned in 2026 to list statutory duties and flag related transformation work. Analysis will lead into discussion on service and legislative reform, such as to reduce or modernise requirements for public notices
 - Members noted concern over reductions to services that often provide preventative support, which in turn reduce costs. Important to balance short-term savings with long-term impacts
- Collaboration and shared services:
 - IS will continue to promote peer network collaboration and initiatives. Current initiatives include procurement projects and shared service planning
 - National visitor levy digital platform is designed for sector-wide use and a good example of digital collaboration

Following discussion, the Commission:

- Noted the contents of the report

- Considered and agreed the proposals for further joint work for the year ahead

7. Local government policy update

The Commission considered a report by Joe Chapman, Policy Manager for the Commission, providing an update on significant recent activity relating to local government. Joe highlighted the following items:

- Visitor levy – Scottish Government will introduce legislation in early 2026 to provide councils with more flexibility, including the option to introduce a flat rate instead of a percentage, and potential for varying rates across types of accommodation and times of year
- Policy update reports now shared with a range of local government stakeholders, including COSLA, Solace, and Directors of Finance. Receiving positive responses and queries, including one on the Auditor General for Scotland's recent report on tax

A number of questions were raised:

- Members commended the well written report and find it very useful
- Reduced teacher contact time and impact on work pressures. Keen to see future deliberations include alternative options and international comparisons
- Proposed cuts to education-related services – Joe clarified that options are presented for consultation to gauge public priorities
- Pride in Place and Local Growth Fund – clarification that this replaces and reallocates previous UK Government funding, with Glasgow City Region expected to receive less than previously planned
- Council budgets – the Commission's forthcoming budgets briefing will look at councils' consultation and engagement, including comparisons and good examples. Difficult to assess links between consultation outcomes and budget decisions, however. Members noted the shift to clear language by councils around difficult choices

Following discussion, the Commission noted the report.

8. Chair's update

The Commission considered an update by Jo Armstrong on recent and upcoming activity. Jo highlighted the following:

- Local Government Information Unit (LGIU) podcast – Jo and Andrew Burns took part in an interview recently with the Chief Executive of the LGIU, which will be a multimedia piece early in 2026.

- Ethical Standards Commission (ESC) webinar – useful to understand the issues and concerns the ESC have regarding public appointments. Clear that the Commission can have more involvement in recruitment process.
- Deloitte – the Chair met with Deloitte following changes in engagement lead to discuss the implication for Clackmannanshire Council's late 2023/24 audit

Following discussion, the Commission noted the report.

9. Any other business

There being no other business, the Chair closed the public session.

10. Controller of Audit's update

The Commission considered an update by Helena Gray, Controller of Audit (CoA), on recent and upcoming activity, including the following:

- 2023/24 audit update:
 - One council will provide an update to full Council on 18 December with provision made to take the annual audit to their Audit and Risk committee in February 2026, at which they will also present their unaudited 2024/25 accounts
 - As the chair had updated, a meeting had taken place with Clackmannanshire Council's auditors, Deloitte, where a joint update from the council and auditors on audit delivery has been requested and is expected before Christmas 2025
- 2024/25 audit update:
 - As at 09 December, 72 local government audits are complete (63 per cent of council and 83 per cent of IJB audits) showing good progress on the 52 per cent reported at November's meeting. 35 of 123 local government audits are outstanding, and 15 are due to be signed off by the end of the month
 - One late running council has now provided its unaudited accounts
 - Current issue – an auditor has alerted the CoA that one IJB has been operating without a Section 95 officer since October, with no formal delegation of duties. The CoA is engaging with the auditor to consider what reporting is required.

A number of items were discussed including:

- Cyber risk – members found Helena's LinkedIn post in relation to the Western Isles Council cyber-attack useful and welcomed her update on delivery against prior year audit recommendations relating to cyber security.

Following discussion, the Commission noted the report.

11. Best Value in North Lanarkshire Council

The Commission considered its response to the Controller of Audit's report on Best Value in North Lanarkshire Council. Members agreed to issue findings in response to the report, with findings to be drafted by the Director and the Chair and circulated to members next week.

Commission members discussed and agreed upon a number of points, which will be included within the findings in the published report.

12. Audit quality interim report 2025

The Commission considered a report by Owen Smith, Director of Audit Quality & Appointments (AQA) and John Gilchrist, Senior Manager, AQA.

During discussion a number of points were raised:

- Annual audit plan delivery – improved to 80 per cent, knock on effect from previous years impacted ability to deliver 100 per cent
- Private sector performance – improving, some specific audits which have a knock on effect on other audits. It can sometimes be prudent to delay smaller audits and then catch up in subsequent years
- Staffing shortages – staffing issues are a minor factor, anecdotal evidence is not clear on the impact, firms' issues with recruitment earlier in the audit cycle have now been resolved
- Further education audits – none yet completed as deadline not yet passed, expected to improve on last year with no material concern flagged as yet

Members reflected on the progress that AQA has made and commended them for their work

Following discussion, the Commission noted the contents of the report.

13. Auditor General update

Stephen Boyle, Auditor General for Scotland (AGS) gave a verbal overview of his work in 2025. Stephen reflected on a number of key areas:

- Public audit in Scotland – in a good place but not complacent. Recent evaluation and work on the next code is allowing reflection on whether the set-up is working, how public services spend public money, and whether we are getting desired outcomes.
- Code of Audit Practice – confident that the robust joint work undertaken to look at the future of public audit ensures integrity of the next Code. Keen to consider good practice in the next stages of this work, feeling optimistic about progress.
- Recent engagement with the Scottish Commission for Public Audit (SCPA) on Audit Scotland's Budget proposals for 26/27 was

welcomed and allowed us to present our operating context and emphasise the value of public audit.

- Finance Committee – the AGS recently gave evidence on his Devolved Taxes and Fiscal Sustainability report, highlighting the scale of financial challenges in Scotland. With 50% of the public admitting to not understanding how taxes work, building public trust in public bodies is essential.
 - During discussion, Stephen agreed that audit has a part to play in increasing understanding of aspects of public policy, but noted the boundaries, including not supporting implementation
- Reflections on AGS's joint work with the Commission in 2025 –
 - The Promise – a number of organisations gave evidence to the Public Audit Committee (PAC) this week. Example of complex policy delivery, and a potential challenge to the role and legitimacy of public audit, so important that we continually reference our work and evidence.
 - Flooding report – hugely impactful piece of work on an issue that affects people's lives. Example of challenges of partnership working, and lack of clarity regarding roles and responsibilities.
 - Sustainable transport – example of a good initiative but not well implemented; also a good example of impactful audit work, with policy changes as a direct response to the report.
- Impact – we have an extensive catalogue of work, and we could promote that work and what happened as a result of it, to the public, government and other stakeholders
 - Discussion reflected on the need to continue taking a sophisticated approach to audit, particularly in areas of shared responsibility, including making recommendations to central and local government, and to demonstrate adding value, even if impact takes time to show
- IJBs – important joint work. Delayed discharges report will be a significant output in 2026, and IJBs are also featuring in recent section 22 reports on health boards and PAC scrutiny.
 - It was noted that digital is another key theme of shared interest where upcoming joint work will be important and impactful
- Public service reform (PSR) – need to move from strategy design and acknowledgement that current models aren't working, to implementation, which will involve difficult decisions. PSR will likely remain a feature of the AGS's work, not necessarily in and of itself but around how it contributes to sustainability of public services in Scotland

Following discussion, the Commission noted the update.

14. Future Public Audit Model – summary of decisions

The Commission considered the Future Public Audit Model Project's Summary of Decisions paper, presented by Paul O'Brien, Director of

Quality & Support and Sally Thompson, Future Public Audit Model Project Manager.

The report sets out the decisions reached on the five discussion papers during phase 1 of the project, and the Commission agreed them to be an accurate reflection. The decisions now taken will be reflected in the Code of Audit Practice that will be subject to formal consultation in early 2026.

15. Future Public Audit Model – smaller bodies (supplemental paper)

The Commission considered the Future Public Audit Model Project's supplementary paper on smaller bodies, presented by Paul O'Brien, Director of Quality & Support and Sally Thompson, Future Public Audit Model Project Manager.

The report sets out a recommendation for consideration by the Commission, and the Commission agreed its preferred option. Again, the outcome of this discussion will form part of the consultation process.

16. Chief Operating Officer Update

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission. During discussion, the following points were raised:

- SCPA session on Audit Scotland (AS) budget – presentation received well. Discussed budget delivery now and for future, affordability of public audit is an ongoing concern. Vicki will share the budget presentation with the Commission

Action: Chief Operating Officer

- Parliamentary engagement – cognisant of upcoming pre- and post-election periods, AS team has a good relationship with clerks but will be competing for new members' and committees' time against other organisations in the new term
- AS/Commission/AGS Partner Working Framework (PWF) – Vicki thanked members for their feedback. A fuller review may be undertaken in 2026, if needed. AGS and AS Board are pleased with progress. Jennifer Henderson and Andrew Cowie collated responses and produced a short summary report. The Commission support team will share the PWF summary report with the Commission in the next round up email

Action: Commission support team

- Procurement for new Code – need to encourage as many organisations to tender as possible for audit work and to encourage more medium and smaller audit firms to tender. Procurement is formally overseen by the AS Board but propose using the Commission 'sounding board' again to ensure Commission can be involved appropriately during the process. Vicki will also bring regular updates to the Commission

- Review of audit fees and funding model – last undertaken in 2017, options will be developed and discussed with stakeholders including the Commission
- Owen Smith is retiring as Director of AQA at end of March 2026. Jonny Steen (currently Head of Quality) has been appointed in the role to begin when Owen departs. The Commission extended their thanks to Owen for his work in the AQA team

Following discussion, the Commission noted the update.

17. Any other private business

Jo Armstrong raised the following points of other business:

- Accounts Commission follow up visit to Comhairle nan Eilean Siar (on section 102 report) – Jo Armstrong and Andrew Burns will attend, and will take the opportunity to discuss Single Authority Model with the Chief Executive
- Update on recent constructive meeting with Catriona MacKean – the Commission's deputy director lead in Scottish Government
- Jo closed her 21st Commission meeting by thanking the members for their contributions and support during 2025

There being no further business, the meeting closed at 3.45pm.

Close of business

Accounts Commission Action Tracker
As at: 7 January 2026

Action No.	Date	Action	Action by	Assigned to	Timescale	Progress	RAG Status	Date complete
25/040	11-Dec-25	Partnership Working Framework (PWF) Commission support team will share the PWF summary report with the Commission in the next round up email	Commission support team	Sarah Watters	Dec-25	The PWF summary report was shared with members in the round-up email on 18 December	Complete	18/12/2025
25/039	11-Dec-25	Audit Scotland Budget Presentation Vicki will share the budget presentation with the Commission	Chief Operating Officer	Vicki Bibby	Dec-25	The presentation was shared with members in the round-up email on 18 December	Complete	18/12/2025

Local government policy update

Item 5

Policy Manager for the Commission

Meeting date:
15 January 2026

Purpose

1. This regular report provides an overview of significant recent activity relating to the Accounts Commission and local government. This report complements the [weekly news updates](#) by highlighting key issues. A version of each monthly report is now shared directly with local government stakeholders for their information.

Recommendations

2. The Commission is invited to note this report and consider any implications for its work programme.

Recent publications

3. The publications below were published after this report was produced. Information on coverage and engagement is provided by Communications colleagues in the meantime and will be included in next month's report.

- **Delayed discharges** (8 January)
- **Community health and social care performance** (8 January)
- **Best Value: North Lanarkshire Council** (15 January)

Media and Parliamentary monitoring

4. Notable recent references to the Commission and its reports include:

- [Public Audit Committee, 26 November 2025 – NHS Grampian](#) – Stephen Boyle and Alison Cumming referenced the Commission's work and conclusions in relation to IJBs' financial management, in response to questions from Colin Beattie MSP about responsibility for addressing overspends in IJBs, and the impact on NHS budgets. The Convener also reiterated the Committee's interest in this area.
- [Public Audit Committee, 10 December 2025 – Improving care experience: Delivering The Promise](#) – The Commission was referenced several times in this evidence session with the Scottish Government, COSLA, The Promise Scotland and The Promise Oversight Board. Correspondence, some of which was referred to during the session, is [available on the Committee's website](#).

Local and Scottish government finance issues

5. The Scottish Budget was published and announced to Parliament on Tuesday 13 January – after this report was produced. I will summarise the key points for local government at the meeting and a detailed briefing will be provided to members by Audit Scotland colleagues at the next meeting.

6. In December, [COSLA launched its budget lobbying campaign, ‘Strong councils, strong communities’](#), warning of risks to the sustainability of local services without sufficient funding. COSLA’s key asks included:

- A £16 billion revenue budget settlement for local government
- £844 million for general capital projects, and the affordable housing supply programme budget to be “restored” to £955 million
- An immediate £750 million investment in social care
- Flexibility for councils to make local decisions that respond to community needs, and recognition of local government as an equal partner in delivering national priorities and tackling inequalities.

7. [Perth and Kinross Council has agreed a revised council tax strategy](#) setting out planned increases – subject to budget setting each year – of 7.5 per cent in 2026/27 and subsequently 3.75 and 3.25 per cent. These rises are less than those in the existing strategy, which were backed by the council administration, and opposition members who proposed them said it will require “acceleration of transformation” and a wider range of savings.

8. The Scottish Government confirmed its intention to introduce a bill in early 2026 to [amend the visitor levy legislation](#), which “it is hoped” will be passed before Parliament is dissolved. The new bill is intended to give councils more flexibility over the so-called ‘tourist tax’. Measures include:

- Giving councils the option to set either a percentage charge or a fixed (‘flat-rate’) charge
- Allowing councils to set different rates for different locations, times of year or types of accommodation
- Clarifying how levies are applied to sales via third parties such as booking platforms

9. Other recent developments regarding the visitor levy are listed below. Members can view an [up-to-date tracker of each council’s position](#).

- Stirling Council agreed to implement a three per cent levy (reduced from five per cent following consultation) to apply from June 2027.
- The Highland Council followed Perth and Kinross in formally putting their plans on pause pending the legislative changes.

- City of Edinburgh Council leader Jane Meagher says she is happy to keep a percentage levy, irrespective of the planned reforms.

10. The Scottish Conservatives published figures for the [total amount spent by councils on six-figure exit payments for senior officers](#), based on a review of councils' annual accounts for 2022/23 to 2024/25. They said payments totalled £62.6 million over the three years. North Lanarkshire Council was said to have paid the most, at £15.4 million, followed by Glasgow City Council and Renfrewshire Council, while six local authorities did not make any six-figure payoffs during the three-year period.

11. There was some media coverage of [money held by councils due to historical overpayments of council tax](#). Figures obtained via Freedom of Information showed councils hold a total of around £46.6 million, with 293,000 closed and overpaid accounts. Reporting quoted a previous response from COSLA explaining that councils can hold overpayments for a variety of reasons, including changes in household circumstances, and that it can be difficult to trace the holders of closed accounts.

12. The [fourteen Scottish communities due to benefit from £20 million of investment](#) in the latest phase of the Pride in Place programme have been announced. The UK Government announced in September which council areas would be allocated this funding, but the specific neighbourhoods had not yet been identified. Local community boards will now need to draw up proposals for what the money will be spent on.

13. This latest development in the Pride in Place scheme [triggered a row](#), with Glasgow City Council calling it a rebranded cut and SNP councillors in Edinburgh saying they have "deep concern" over the "design, allocation and distribution of the funding" and calling the announcement misleading.

14. Shona Robison has advised that the measures she intended to pursue instead of a general power of competence will be delayed until the next session of Parliament. The delay was requested by COSLA, to allow more time for consultation and consideration by a working group. The proposals would enable local authorities to provide goods and services to any person without requiring Ministerial consent, and (separately) widen the scope of the existing statutory "power to advance wellbeing".

Policy area updates

Education

15. There have been a number of media stories regarding pressures on teachers and other school staff, including in relation to (separately) trends in additional support, classroom violence, and mental health absence.

- A record proportion of pupils in Scottish schools – nearly 300,000 in total – are now classed as having an additional support need.
- Unions say teachers are being made ill by the stress of working with soaring numbers of additional needs pupils, and that Ministers are

putting classroom staff at risk by failing to properly fund additional needs provision in Scotland's schools.

- Figures show that in South and East Ayrshire, there are 50 times as many pupils with additional support needs as there are teachers.
- Almost 600,000 teaching days have been lost to mental health absences in the last five years.
- The General Teaching Council for Scotland has warned the Scottish Government to focus on retaining teachers after new research found many are leaving the profession "sooner than expected".
- School staff across Scotland have been paid £1m in compensation after violent incidents in city primaries and secondaries.
- Reports of violence against teachers have increased in Glasgow's primary schools, but have fallen in the city's secondary schools.

16. COSLA has pushed back on government plans to cut teachers' class contact time by 90 minutes, arguing they are uncoded, untested, and oversimplify educational reality. COSLA estimates that this change alone – without taking account of other proposals such as a four-day teaching week – could cost £250-£310 million to implement. They say the Scottish Government's modelling does not reflect variations in class sizes, school makeup and staffing pressures, particularly in rural and island schools.

17. MSPs have voted to pass a Bill that will place a legal duty on councils to ensure school pupils can access residential outdoor education trips. The Bill was previously criticised over its potential costs, and amendments brought by Ministers mean the 'duty to fund' falls on local authorities rather than the Scottish Government as originally proposed. COSLA has also said such a duty could require changes to teachers' contracts and possibly pay. No date has been set for when the new law will be implemented.

Health and social care

18. East Renfrewshire Council has voted to go ahead with rolling out means-tested charges for non-residential social care, starting in June. The council – the only one in Scotland that does not already charge for these services – had previously agreed to introduce the fees in 2025/26, before delaying in response to opposition from families and carers. The fees are expected to raise £1.5 million, with around 500 people required to pay.

19. East Renfrewshire also became one of the first councils in Scotland to declare a 'health and social care emergency', saying increased funding is needed to maintain current service levels. The council wants a "realistic re-evaluation" of funding allocations by the Scottish Government, amid concern about the impact of potential changes. Perth and Kinross Council took the same step, but Stirling Council rejected a similar motion.

Housing and homelessness

20. Two councils announced financial incentives aimed at tackling a shortage of available housing.

- Orkney Islands Council is setting aside £1 million to offer loans of up to £25,000 to owners of empty homes, to fund improvements to properties which must then be made available to key workers.
- South Lanarkshire councillors have approved new incentives aimed at encouraging council tenants to downsize, freeing up larger homes and easing pressure on the area's housing stock.

21. Construction in the social housing sector in Scotland in the year to September was the lowest on record. Amid a general fall in housebuilding across the country, work started on just 3,000 homes for social rent. The Scottish Government previously pledged to build 110,000 affordable homes by 2032, but only 31,000 have so far been built.

Infrastructure and communities

22. The Court of Session ruled in favour of Aberdeen City Council in a judicial review hearing on the council's introduction of bus gates. A shop owner had argued the decision to make the measures permanent was unlawful as Ministerial consent is required for road changes that prevent access to premises. However, the court found the measures only restricted access for cars. Research has shown the bus gates have led to more bus use and improved punctuality, despite temporary closures for roadworks.

23. A £20 million investment package has been confirmed for the Western Isles as part of a Community Regeneration Partnership involving the council and the UK Government. Almost a third of the funding – originally allocated under the previous Government's 'Levelling Up' programme – will go to improving the flood resilience of roads and causeways in Uist and Barra. A Housing Investment Fund will also be set up, seeking to bridge gaps in existing sources of investment in local housing stock.

24. Proposed developments intended to improve electricity distribution associated with new renewable energy sources are facing opposition from councils as well as local communities. Angus and Moray councils have raised formal objections to planning applications lodged with the Scottish Government for large new power lines and substations, while [Highland Council is dealing with a range of issues](#) relating to similar projects. The programme of upgrades is considered, prompting concerns over the extent to which communities' views will be considered in final decisions.

Council leadership

25. Comhairle nan Eilean Siar has announced the appointment of Martin Joyce as its new Chief Executive Officer. He is currently Executive Director of Regeneration at Clyde Gateway.

Other updates

26. The Auditor General has recently published the following reports:

- [Financial sustainability and taxes](#) (November 2025) – Key findings from the report include:
 - Lower earnings and employment growth in Scotland compared with the rest of the UK is reducing the impact of devolved taxes on the country's budget.
 - In 2025/26, the Scottish Government expects to raise up to an additional £1.7 billion from its Scottish Income Tax rates and bands, but the budget is only projected to benefit by £616 million because of how the fiscal framework operates.
 - The Scottish Government has not been transparent enough about why the difference exists and how it can be addressed.

As well as the Public Audit Committee session on the report, Stephen Boyle and Richard Robinson [gave evidence to the Finance and Public Administration Committee](#) on 9 December, where questioning focused on issues including transparency and public understanding, behavioural change, and availability of data.

- [NHS in Scotland 2025: Finance and performance](#) (December 2025) – Key points from this report include:
 - Health spending in 2024/25 was over £20 billion – a £3 billion real-terms increase from 2019. However, despite these increases and health boards making unprecedented savings in 24/25, the NHS in Scotland remains financially unsustainable.
 - The Scottish Government has made progress in setting out its plans for reform, with three new frameworks (including jointly with COSLA). However, the published improvement plan lacks clear actions, timeframes and accountability, and some of the wider reform ambitions, such as moving more care into communities, are long-standing and have yet to be delivered.

27. New population statistics from the National Records of Scotland (NRS) showed that, as of June 2024, the number of people living in Scotland had reached a record high of 5,546,900. This is a rise of 41,000 in a year, driven entirely by net migration, as the number of deaths exceeded the number of births. Other trends include the following:

- The population continues to age – 20.5 per cent of people were aged 65 and over, up from 16.2 per cent in 2004, while the proportion aged under 16 had fallen by two percentage points
- Glasgow, Edinburgh and the Lothians saw the biggest increases, while some rural and island councils' population fell slightly.

28. Meanwhile, separate NRS data showed life expectancy in Scotland has increased and is now similar to pre-pandemic levels, but it is still below each of the other UK nations. The average life expectancy in 2022-2024 was 77.12 years for men and 81.06 years for women – up by 18 weeks and 14 weeks respectively in one year. Inequality based on deprivation and between urban and rural areas remains significant, with a gap of up to 13 years between the most and least deprived areas.

29. Other recent publications and updates of possible interest to members are listed below.

- Local Government Information Unit (LGIU):
 - [UK Budget: Devolution, sub-national and devolved nations development perspectives](#)
 - [Goodwill isn't just for Christmas - How government is paying the price when we forget that](#)
 - [A National Care Service: Lessons from Scotland and Wales](#)
 - [Lies, damned lies and survey results](#)
- Improvement Service: [Achievements highlighted in annual report](#)
- COSLA: [The Promise Story of Progress](#)
- Scottish Parliament:
 - [Cybercrime and cyber-security in Scotland](#)
 - [Children \(Care, Care Experience and Services Planning\) \(Scotland\) Bill – summary of Stage 1 report](#)
 - [Building Safety Levy \(Scotland\) Bill – summary of Stage 1 report](#)
 - [Report tracking the work of the Local Government, Housing and Planning Committee 2024-25](#)
- Scottish Parliament Information Centre (SPICe):
 - [Year-to-year comparisons of the Scottish Budget](#)
 - [Public Sector Pay Policy - Challenges ahead?](#)
 - [Climate Change Plan: policies, proposals & sector summaries](#)
 - [SPICe Hub: draft Climate Change Plan](#)
- Holyrood: [Powering on: How Scottish local government could be on the cusp of major change](#)
- Localis: [Local digital leaders must connect devolution and deliver reorganisation benefits](#)
- Fraser of Allander Institute: [Scottish Public Spending Dashboard](#)
- Fraser of Allander Institute: [How balanced is the Scottish Budget?](#)

Conclusion

30. The Commission is invited to note this report and consider any implications for its work programme.

Chair's update

Item 6

Meeting date:

15 January 2026

Chair of the Accounts Commission

Purpose

1. This report provides an update on the engagements and work of the Chair of the Accounts Commission since the Commission met last in December, recognising the festive break period.

Engagement and Commission business

Audit Scotland engagement

- Regular meetings with Vicki Bibby (Chief Operating Officer), Stephen Boyle (Auditor General), Alison Cumming (Executive Director of Performance Audit and Best Value) and Helena Gray (Controller of Audit)

Commission business

- Regular meetings with Sarah Watters (Director for the Commission) and Lee Ovens (Executive Assistant)

External engagement

- No items to report

Forthcoming activities

2. My forthcoming engagement activities include:

- Regular meetings with Vicki Bibby, Stephen Boyle, Alison Cumming, Helena Gray, Lee Ovens, and Sarah Watters
- 14 January: North Lanarkshire Council Best Value Report media day
- 20 January: bi-monthly catch up with Catriona MacKean (Deputy Director for Local Government, Scottish Government)
- 21 January: Future Public Audit Model 'Sounding Board' meeting
- 21 January: Visit to Western Isles Council, following publication of the section 102 report
- 29 January: Audit Scotland Board meeting

- 29 January: post-board meeting with Colin Crosby, Audit Scotland Board Chair, Vicki Bibby, and Stephen Boyle
- 03 February: Annual Assurance and Risk Report sponsor meeting
- 13 February: Engagement meeting with COSLA Presidential team
- A meeting with Ariane Burgess MSP (Local Government, Housing and Planning Committee Convener) was scheduled for 04 December but Ms Burgess asked to rearrange, and a new date is to be arranged for early 2026

Conclusion

3. The Commission is invited to:

- Note this report and enquire about any areas of interest.