

Agenda

Thursday 12 March 2026 10.00am

Audit Scotland office, 102 West Port, Edinburgh
and online via Microsoft Teams
530th meeting of the Accounts Commission

Public session

- | | | |
|---|-----------------------------|-------|
| 1. Apologies for absence | Chair | 10:00 |
| 2. Declaration of connections | | |
| 3. Order of business
The Chair seeks approval of business including taking items 10 to 15 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. Best Value: Aberdeenshire Council | Controller of Audit | 10:10 |
| <i>Break</i> | | 11:15 |
| 6. Section 102 report: Clackmannanshire and Stirling Integration Joint Board | Controller of Audit | 11:30 |
| 7. Local government policy update | Policy Manager | 12:15 |
| 8. Chair's update | Chair | 12:25 |
| 9. Any other public business
The Chair will advise if there is any other public business to be considered by the Commission. | Chair | 12:35 |
| <i>Lunch</i> | | 12:40 |

Private session

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| 10. Controller of Audit's update
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Controller of Audit | 13:15 |
| 11. Best Value: Aberdeenshire Council
[Item to be in private as it requires the Commission to consider actions in response to a statutory report.] | Controller of Audit | 13:25 |
| 12. Section 102 report: Clackmannanshire and Stirling Integration Joint Board
[Item to be in private as it requires the Commission to consider actions in response to a statutory report.] | Controller of Audit | 13:50 |

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| 13. Future Public Audit Model – Phase 3 governance arrangements and draft Procurement Strategy
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Director of Audit Quality and Appointments | 14:15 |
| 14. Chief Operating Officer's update
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Chief Operating Officer | 14:35 |
| 15. Any other private business
The Chair will advise if there is any other private business to be considered by the Commission. | Chair | 14:40 |

Close of meeting 14:45

Member's forum with Soumen Sengupta, Chair of the IJB Chief Officer Group, Health and Social Care Scotland 15:00

Minutes

Thursday 12 February 2026 10:00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
529th 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
Ruth MacLeod
Mike Neilson (*online*)
Derek Yule

In attendance:

Sarah Watters – Director for the Accounts Commission
Helena Gray – Controller of Audit
Joe Chapman – Policy Manager for the Commission
Alison Cumming – Executive Director of Performance Audit and Best Value (PABV)
Rachel Browne – Audit Director, Audit Services Group (ASG) (*items 5 and 11*)
Russell Smith – Audit Manager, ASG (*items 5 and 11*)
Martin McLauchlan – Senior Manager, PABV (*item 6*)
Tom Charman – Senior Auditor, PABV (*item 6*)
John Gilchrist – Senior Manager, Audit Quality and Appointments (AQA) (*items 10 and 13*)
Blyth Deans – Audit Director, PABV (*item 12*)
Kathrine Sibbald – Senior Manager, PABV (*item 12*)
Chris McClelland – Audit Manager, PABV (*item 12*)
Parminder Singh – Manager, AQA (*item 13*)
Paul O'Brien – Director of Quality and Support (*item 14*)
Fiona McKie – Director of Corporate Services (*item 16*)

1. Apologies for absence

There were no apologies received or required from members.

2. Declarations of connections

Angela Leitch, Carol Evans, Jennifer Henderson, Malcolm Bell and Nichola Brown each declared connections to item 13 (Funding Scottish public sector audit), due to their roles in audited public bodies that pay audit fees. After taking advice from the Director and Ethics Partner in advance of the meeting it was agreed that all five would recuse themselves and leave the room for that item.

The same five members also declared a connection to item 14 (Code of Audit Practice 2026 – draft for consultation), on a similar basis. However, 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.

Malcolm Bell also declared a connection to items 5 and 11 (Best Value: Shetland Islands Council), as he was Convener of the council until 2022. However, given the time that has passed since then, he did not believe it was a sufficiently material connection to require recusal, so the connection was declared in the interests of transparency.

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

- Today's agenda includes the 2026/27 Scottish Budget briefing, and the Local government financial bulletin supplement which is published today.
- The Commission's Response Framework has now been published on the [Commission's website](#) (link to be shared with all members via the minutes).
- The record of whether Commission findings made in relation to 2022/23 and 2023/24 Best Value reports have been followed up (shared at the last meeting) will be updated and shared with members as soon as the Annual Audit Reports are published, and then a similar exercise will be conducted on an annual basis.

5. Best Value: Shetland Islands Council

The Commission considered the Controller of Audit's Best Value report on Shetland Islands Council. The discussion explored the following themes:

- Finance
 - Concern at the scale of 'unsustainable' use of reserves, with total usable reserves having fallen since 2022/23, though

uncommitted reserves and general fund are higher. Relatively strong comparative reserves noted.

- Council has committed to 10 key actions, including: developing a 5-year income plan, in depth review of fees; better linkages between strategies; more specific objectives; making more use of demographic information in planning; and reviewing how it calculates what is a sustainable draw on reserves.
 - Current financial plan is based on assumption of sustainable drawdown of reserves only. Progress on the 10 actions set out will be key to addressing long-term issue of use of reserves.
 - Harbour operations are managed, governed and accounted for separately. Investment income is also managed in its own right; the council monitors performance of investments and manages risks. Both of those flow into annual accounts and generate surpluses which increase reserves.
- Transformation
 - Programme revised down from 42 projects (autumn 2022) to 21, but documentation including of timescales and resource requirements remains mixed; risk that some don't have detailed plans for being achieved in the corporate plan period.
 - The council needs to set out more clearly the detail, timescales, milestones and benefits.
 - Concern about a lack of pace, and that progress has stalled.
 - Staff capacity is a challenge at all levels. The Programme Management Office has 3 staff. Four directors assigned as senior responsible officer for each change theme, but workloads are a challenge.
 - Transformation thematic includes examples of successful projects including Orion – transition to investing in renewables.
 - Opportunity to use investment returns to support transformation, though not all returns can be used immediately. The council recognises this and plans to reflect it in its investment strategy.
 - Connectivity is a challenge for Shetland generally and improving this is a priority in the council plan.
 - ICT and Digital Strategy – projects on connectivity and system replacement to improve service delivery, but a more joined-up, cross-service approach is needed, and learning from others.
 - Digital innovation and AI feasibility – 12-18 month project to explore how this technology might be used.
 - The council does engage with others, including sharing good practice, has strong partnership links and is keen to learn.
 - Performance
 - Council commended on very good performance but concerns about extent to which that is linked to use of reserves and not a sustainable approach to funding services, Difficult to assess causation.
 - LGBF indicators show the council pays relatively high costs to deliver many services, such as education and waste collection – partly due to geography. Also areas where cost is below average, including libraries and sports facilities, and 65 per cent

of cost indicators have improved since base year – above Scottish average.

- Innovation – leadership has shown commitment and intent; very open to new ways of doing things, subject to capacity, and is working with others to create opportunities to bring people to the islands and ensure a sustainable population.
- Performance reporting has improved – key focus of previous audit recommendations. Performance information to members supports scrutiny and oversight and they engage well with it. Performance management framework is helping to build performance information into strategic planning.
- Leadership and governance
 - Elected members are clear in their ambitions and scrutiny and have constructive relationships with senior officers. Main considerations are around how to achieve ambitions while recognising capacity limitations.
 - Compliance – effective structure for governance and challenge and scrutiny but need to review processes. Working group established to oversee review of governance documents, and FOI and data protection processes. Review originally due in December 2025, now May 2026. FOI compliance flagged by the council as an issue arising from capacity challenges.
- Workforce
 - Capacity challenges often cited as a reason for lack of action or progress. The council is working to deliver a strategic workforce plan to address this; progress will be covered in future audits.
 - Service plans are also being developed, with linkages in terms of staffing to the medium term financial plan. These will follow on from the strategic workforce plan. Understanding use of casual, temporary and agency workers will be key.
 - Housing availability and connectivity are key issues. The council has run campaign to attract and retain people to live and work, including using its reputation for culture and events. The council also offers support for relocation and a flexible working policy.
 - The Shetland Partnership has four overarching objectives, population is a key area of focus, indicators include population aged 16-29, and Scottish working age population.
- Community engagement
 - Participatory budgeting (PB) – nil return between 2020/21 and 2022/23, as the council had a rigid definition and criteria. Since then, the council has been revising this approach, working with COSLA, to be more open and to mainstream PB.
 - Public consultation in December 2024 for input on 2025/26 budget. Survey with 975 responses, to be used to inform next corporate plan and service redesign. Council also continuing to engage with communities on areas of its budget, Council Tax and the Local Development Plan.

It was also noted that there was much in the report to welcome, including the improvements made in response to previous audit recommendations, all of which had been completed or superseded.

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

6. 2026/27 Scottish Budget briefing and Financial Bulletin supplement

Alison Cumming, Executive Director of Performance Audit and Best Value (PABV), presented a briefing for the Commission on the Scottish Budget and Spending Review, alongside a Local government financial bulletin supplement that was published on the day of the meeting.

- Alison noted that the Budget is progressing through Parliament, with the Stage 1 debate taking place that afternoon, and there may yet be changes before it is due to be passed on 25 February.
- Alison summarised the briefing in relation to the overall, revenue and capital funding for local government in the Budget, as well as the outlook set out in the Spending Review, noting that it only provides information at aggregate, not council-specific level.

The following points were raised during discussion:

- Members thanked the Audit Scotland team for their work to interpret and analyse the Budget, which can be difficult.
- Non-Domestic Rates – the pool and any impact of variations from forecasts are managed by the Scottish Government (SG); the external auditor of the NDR account has previously recommended that SG considers the sustainability of NDR pool, as it has been in deficit; this year's revaluations and likelihood of appeals also increase uncertainty.
- Implications for Commission's work programme (exhibit 5) – this information was welcomed and discussed by members. The team explained that the only significant movements since the previous Budget were in housing and climate change, and mainly due to SG portfolio changes, which made comparisons difficult.
- Members agreed the challenges around housing and social care reaffirmed their inclusion in the work programme. Capital funding plans set out in the Spending Review, and revenue generation, were highlighted as possible areas for consideration.

Following discussion, the Commission:

- noted the contents of the budget briefing
- noted the contents of the Financial Bulletin 2024/25 budget supplement published on the day of the meeting.

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 high levels of engagement with three recent Commission reports – Delayed discharges, Best Value in North Lanarkshire Council and the Local government financial bulletin.

The following points were raised during discussion:

- UK Government grants to councils in England to clear debts relating to special educational needs – a specific situation and unlikely to have a direct impact on Scotland but will be monitored.
- High response to West Lothian budget consultation – it was noted that the council posted information directly to residents with clear options being considered – similarly to some other councils. May be looked into further in the council budgets bulletin to be published by the Commission later this year.
- Community health and social care performance output – it was explained that this was primarily aimed at the sector and was not issued to the media, unlike the delayed discharges report. However, members discussed how to ensure public awareness of the data, but also ensure it is maintained and updated. The Commission's communications working group will consider this.

Action: Communications working group

- Scottish Budget analysis – Institute for Fiscal Studies highlighting a need for a shift from hospital care to health and social care, and prospects for capital funding and the relative treatment of local government compared to other portfolios.
- Additional support for learning review announced by SG – Joe will look into the scope of the review and who is on the expert group.

Action: Policy Manager for the Commission

Following discussion, the Commission noted the report.

8. Chair's update

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

- Visit to Comhairle nan Eilean Siar – a positive meeting with recognition from the Comhairle of the approach of the Commission and the auditor, and of the importance of digital and the need to manage cyber risk. The Comhairle praised the support provided by the Scottish Government and National Cyber Security Centre.
- Meeting with Catriona MacKean, Deputy Director for Local Government at the Scottish Government – 2-monthly check-in.

She is very supportive of the Commission's work, keen to support it, and gets a lot from Commission reports that supports her work.

- Meeting with Ariane Burgess, Convener of the Local Government, Housing and Planning Committee – desire to establish (with the next Committee, after the election) a more structured approach to engagement. Although the Committee's role is not to scrutinise the Commission's work, more engagement can be helpful in areas of mutual interest including public service reform.

During discussion, the following points were raised:

- Engagement with SG's new Director General related to local government, Miriam Craven (succeeding Louise Macdonald who the Commission met previously). Jo explained the stakeholder engagement plan in place, which SG is a key part of, including meeting the new Cabinet Secretary or Minister after the election.

Following discussion, the Commission noted the report.

9. Any other public business

As there was no other public business, the Chair closed the public session of the meeting.

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:

- Helena highlighted a recent update to the UK Parliament on the Local Audit Office.
- 2023/24 audit delivery – one IJB's audit has now been signed off since the January update. Remaining audits are expected to be signed in February and March.
- 2024/25 audit delivery – three further audits have been completed since the last update.

During discussion, the following points were raised:

- Members welcomed the progress on audit delivery but queried how the actual completion dates compared with the timescales originally set out. Helena noted an action from the last meeting to take stock of the escalation process, and this will include looking at timescales from the start to the end of the process.
- Reports of discussions between Glasgow City Council and SG in relation to spend on housing and homelessness were raised. Helena noted the 2024/25 audit of Glasgow City Council is due to complete in March.
- Members sought more information on progress of the Solace and Improvement Service (IS) transformation programme. Helena and PABV colleagues recently met with the Chief Executive of IS who provided updates on each workstream, and IS now issues an

email newsletter. Helena, Sarah and colleagues are also meeting the Crerar workstream leads soon to discuss this further. Members were briefly updated on current activities, and it was noted that the upcoming Best Value thematic overview report on transformation will be an opportunity to link back to the Commission's previous transformation report and consider progress.

Following discussion, the Commission noted the update.

11. Best Value: Shetland Islands Council

The Commission considered its response to the Controller of Audit's report on Best Value in Shetland Islands 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. Integration Joint Boards financial bulletin 2024/25 – draft report

Alison Cumming, Executive Director of PABV, presented the draft Integration Joint Boards (IJBs) finance bulletin 2024/25.

- Alison highlighted the roundtable held in early January with a small group of IJB Chief Officers and Chief Finance Officers. This was intended to indicate and discuss emerging messages with stakeholders, and provided valuable insights on the challenges identified in terms of both finances and service delivery.
- Alison noted the language used in the key messages in the report, which is intended to reflect the critical nature of the financial situation facing IJBs. She also explained variations between IJBs in relation to reserves and additional contributions from partners.

During discussion, the following points were raised:

- Malcolm Bell and Angela Leitch, as sponsors, commented on the value of the roundtable, and also on the systemic nature of the issues facing the sector that need to be addressed.
- Members discussed the shared responsibility between partners for service delivery as set out in integration schemes. It was noted that annual audits have not identified any IJBs at immediate risk of failure, but there is overall pressure building across the whole system, with non-recurring measures being used to balance budgets.
- The impact of the latest Scottish budget and the Spending Review was raised, and how this might be acknowledged or covered in the Commission's reporting, including an emphasis on prevention and the need to take decisions for the medium and longer term.

- Members made suggestions for amendments to the draft report, including its recommendations, which Alison and the audit team agreed to consider and discuss with sponsors.

Following discussion, the Commission:

- approved the draft IJB financial bulletin and interactive data tool
- agreed to delegate final approval of any final amendments to the content to the audit sponsors
- noted the publication arrangements for the briefing and refreshed data tool.

13. Funding Scottish public sector audit

The Commission considered a report by John Gilchrist (Senior Manager) and Parminder Singh (Manager), Audit Quality and Appointments.

As noted at item 2 (declaration of connections), Angela Leitch, Carol Evans, Jennifer Henderson, Malcolm Bell and Nichola Brown left the room and took no part in this item.

Parminder explained that the Audit Scotland Board has primary responsibility for agreeing audit fees – and has already discussed this report – but that the Commission is an important stakeholder and its input is valued.

The potential impact of increased audit fees on audited bodies was raised, and John explained the context of increased costs and larger rises in audit fees elsewhere.

Following discussion, the Commission:

- noted that it is the role of the Audit Scotland Board to determine funding and fee arrangements for Public Audit in Scotland, but as per the Partnership Working Framework, the Board consults with the Auditor General for Scotland and the Accounts Commission as part of its considerations
- noted that local government bodies currently pay for all audit work including the cost of Best Value and performance audits, and that this differs from other sectors which come under the Auditor General's remit
- noted the results of the review on whether the current funding and fees model has met its stated principles and objectives, at Appendix A of the report.

14. Code of Audit Practice 2026 – draft for consultation

Paul O'Brien, Director of Quality and Support, presented the draft Code of Audit Practice which is due to be issued for consultation.

Jo Armstrong praised the positive process of the Future Public Audit Model project and thanked Paul for guiding the Commission through it, responding to comments from AC and other stakeholders, and getting to the current position, with a single Code for consultation. Paul thanked members particularly those on the sounding board for constructive input and challenge, and Helena Gray and Sarah Watters for support throughout the process too.

During discussion, the following points were raised:

- Members welcomed the Code and the consultation questions.
- Clarity was given on the intended approach to Best Value reporting.
- Paul explained the earlier informal engagement and the activities to be undertaken as part of the formal consultation – giving consultees multiple opportunities to input views and for them to be incorporated.
- Sarah and Paul highlighted ways in which stakeholder feedback has been incorporated, including in relation to smaller bodies and the approach to best value audit, and that the process demonstrated that the Code has been thoroughly reviewed.

Following discussion, the Commission:

- approved the Code and Invitation To Comment for formal consultation with external stakeholders commencing on 23 February 2026

15. Commission member recruitment options

The Commission considered a paper by Sarah Watters, Director for the Commission, setting out proposed principles and options for the Commission's approach to recruiting members following the departure of some members coming to the end of their terms in 2026 and 2027.

During discussion, the following points were raised:

- Different approaches in relation to recruitment campaigns and member start dates, and numbers of members
- Appropriately reflecting the requirements of the role in recruitment campaigns, setting clear expectations
- Potential changes in the volume and nature of reports to be discussed at Commission meetings, under the proposed new Code of Audit Practice
- Ensuring a suitable level of diversity as well as experience on the Commission, including in how the roles are advertised. A figure in the Commission's Diversity, Equality and Inclusion (DEI) data was queried, and the Director will follow this up

Action: Director for the Commission

Following discussion, the Commission:

- Noted the legislative position around the Accounts Commission membership, and the current context
- Indicated support for the principles set out in the paper as the basis for the Chair's discussions with Scottish Ministers.

16. Audit Scotland corporate update

Fiona McKie, Director of Corporate Services, delivered a verbal update to the Commission which included the following points:

- January's Board meeting focused on Strategic Improvement Projects including Audit Modernisation
- Budget approval and support from the Scottish Commission for Public Audit (SCPA), and continuing engagement with the SCPA through the budget process
- Plans for Parliamentary engagement, with an expectation of a large number of new MSPs after the election, irrespective of the outcome; Allan Campbell (Head of Operations at Scottish Parliament and former Secretary to the Commission) is speaking at an Audit Scotland staff event in March about the process, to which Commission members will also be invited
- Audit procurement planning (Phase 3 of Future Public Audit Model (FPAM) project) – coming to the Commission in March; intention to continue to use the FPAM Sounding Board for Phase 3
- Audit Scotland Chair and member appointment currently underway, with interviews in early March
- Refresh of Audit Scotland corporate performance reporting – upcoming reports including for the Commission will be refined.
- Michelle Borland has been appointed as Head of Performance and Corporate Governance for an 18-month period due to the resignation of the previous post holder.

Following supportive comments from the Chair, the Commission noted the update.

17. Any other private business

The Chair passed on apologies from Theresa Shearer for being unable to attend the members' forum due to illness. Members had a brief discussion about member forums including suggested guests and alternative timings.

There was no other business. The Chair closed the meeting at 15:10.

Accounts Commission Action Tracker
As at: 4 March 2026

Action No.	Date	Action	Action for	Assigned to	Timescale	Progress	RAG Status	Date complete
26/006	12-Feb-26	Diversity, Equality and Inclusion (DEI) data Director to follow up on a query about one of the figures in the Commission's DEI data.	Director for the Commission	Sarah Watters	Mar-26	Members have been provided with an update via email	Complete	03/03/2026
26/005	12-Feb-26	Additional support for learning Policy Manager to look into the scope of the review announced by the Scottish Government and who is on the expert group.	Policy Manager	Joe Chapman	Mar-26	No further information or update yet. Due to conclude before the end of March. The outcome will be covered in the weekly digest and policy update report.	In progress	
26/004	12-Feb-26	Community health and social care performance Commission communications working group to consider how to ensure public awareness of the data and that it is maintained and updated.	Communications working group	Simon Ebbett	Apr-26	To be discussed at the next Comms working group meeting, to be arranged for March or April 2026	In progress	

Best Value: Aberdeenshire Council

Item 5

Director for the Accounts Commission

Meeting date:
12 March 2026

Purpose

1. This paper introduces the Controller of Audit's report on Best Value in Aberdeenshire Council, which has been produced following the 2024/25 audit of the council. The paper outlines the process to be followed, including publication arrangements.

Recommendations

2. The Commission is invited to:

- consider the Controller of Audit's Best Value report
- note the process to be followed in relation to the report
- decide how it wishes to proceed
- approve the proposed publication arrangements.

Background

3. At least once during the current five-year audit appointment, the Controller of Audit (CoA) is required to report to the Commission on Best Value in each council. These reports are based on the best value audit findings reported in Annual Audit Reports (AARs), prepared by independent external auditors. The CoA's report draws the Commission's attention to how effectively a council demonstrates Best Value through continuous improvement in how it delivers its strategic priorities.

4. Best Value audit work is fully integrated into annual financial audit work and is reported in AARs. It also includes follow-up and Best Value work on a particular theme agreed annually, providing judgements on the pace and depth of continuous improvements and service performance.

5. The theme to be looked at as part of 2024/25 audits was transformation and how councils are redesigning and delivering services to achieve planned outcomes. The CoA's report also draws on this work.

6. The Best Value thematic report for Aberdeenshire Council and the AAR were presented to the council's Audit Committee on 25 September 2025 and 05 February 2026 respectively.

The Controller of Audit's report

7. The report on Best Value in Aberdeenshire Council is made by the CoA under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).

8. The legislation enables the Controller of Audit to make reports to the Commission with respect to:

- the accounts of local authorities audited under the Act;
- any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
- the performance by a local authority of their statutory duties in relation to best value and community planning.

9. A copy of the report was sent to the Chief Executive of Aberdeenshire Council on Monday 02 March 2026 (the same day it was issued to Accounts Commission members). The council has been advised of its obligations to supply a copy of the report and the AAR on which it is based to each council member and to make additional copies available for public inspection. Once the CoA's report is sent to the council, it is effectively in the public domain.

Process

10. The Commission will consider the CoA's report during the public session of its meeting. Members of the audit team will be present and will be available to answer questions on the evidence and judgements presented in the AAR, with a focus on Best Value.

11. The Commission will then decide, in private, how it wishes to proceed. The legislation provides that, on receipt of a CoA report, the Commission may do (in any order) all, any, or none of the following:

- direct the CoA to carry out further investigations
- hold a hearing
- state its findings.

12. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.

13. The Commission is obliged to inform the council of its decision on how it will proceed shortly after the Commission meeting – this is done on its behalf by the Director for the Accounts Commission – before making its decision public.

14. If the Commission chooses to make findings, the council is required by statute to do the following:

- consider the findings of the Commission at a meeting of the full council within three months of receiving them
- publish in a newspaper circulating in the local area a notice stating the time and place of the council meeting, indicating that it is to consider the findings of the Commission and describing the nature of those findings (at least seven clear days before the meeting)
- after the council has met, notify the Commission of any decisions made, and publish in a newspaper circulating in the local area a notice containing a summary, approved by the Commission, of the council's decision.

15. The Commission asks the council for a meeting, preferably in the period between the Commission publishing its report and full council considering it, to do the following:

- discuss what the council thinks of the Commission's decision and its findings (if applicable), and what the council will do in response to the Commission's report
- confirm any next steps and review the audit process.

Publication arrangements

16. The report is due to be published on 25 March, with the previous day being held for any media interviews. It is planned that Jo Armstrong will front the media for this report.

17. Communications outputs for the Best Value report will be prepared including a news release and social media. A range of communications and engagement work will be undertaken with local and national media and stakeholders, as appropriate.

Conclusion

18. The Commission is invited to consider the recommendations set out at paragraph 2 of this report.

Best Value

Aberdeenshire Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit

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.

Key facts

2,448 Square miles

265,080 Population

2.7% Proportion of all data zones in Aberdeenshire that are within the 20 per cent most deprived in Scotland, according to Scottish Index of Multiple Deprivation (2020)

15,934 Workforce (Headcount)

70 Elected members
20 Scottish Conservative and Unionist, 18 Scottish National Party, 14 Scottish Liberal Democrat, 13 Independents & 5 Reform UK (Conservative, Liberal Democrats & aligned Independent Coalition administration)

£81.4m General Fund cumulative funding gap projected over 2025/26 to 2029/30 (as of reporting at the end of Quarter 2 2025/26)

£776.3m General Fund revenue budget 2024/25

£98.8m General Fund capital budget 2024/25

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 February 2026. [Appendix 1](#) includes links to the 2022/23, 2023/24, and 2024/25 Annual Audit Reports (AAR) 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. Aberdeenshire Council ("the council") has set clear priorities and continues to demonstrate strong partnership working and a commitment to community engagement.

4. The Best Value thematic reviews on leadership and workforce noted appropriate overall governance arrangements and positive workforce initiatives. The council recognises that it could improve aspects of its workforce planning and is taking steps to address the issues raised by auditors.

5. The council has suitable overall arrangements for monitoring performance against its strategic objectives, and is surpassing its targets for several local indicators. Against national performance indicators, there has been a long-term trend of improvement overall, though this varied by service area, and in the most recent year more indicators declined than improved.

6. The council has a significant forecast funding gap and faces a number of risks to its financial sustainability in the medium term. Its transformation programme aims to deliver sustainable cost reductions while enhancing efficiency and modernising services. The council now needs to ensure that it can deliver on these aims, and that it is clear on how far doing so will address the funding gap.

Best Value Assurance Report (BVAR) follow-up

- 7.** The council received a Best Value Assurance Report in October 2020. The Commission noted that services were largely performing well, with high levels of public satisfaction in most areas and relatively good outcomes for communities.
- 8.** Performance was slightly above the Scottish average and there had been improvement against national indicators over the previous five years. Within this, auditors noted some areas of poor performance around educational attainment for more disadvantaged pupils and in the management of void housing.
- 9.** The Commission highlighted the importance of the council setting clearer and more focused high-level priorities to facilitate assessment of performance against objectives, comparison with other councils, and a clearer sense of where improvement and/or additional resources were required. As set out in paragraph 12, the Council Plan 2024-2029 marks an improvement in this regard.
- 10.** The council had demonstrated strong partnership working and a good track record of consulting communities. Meanwhile, there was scope for continued development of the council's workforce plan, with recommendations to set out medium- to longer-term staffing needs and conclude service-level plans. As noted in paragraph 38, the council continues to take actions to strengthen its workforce planning arrangements.
- 11.** Auditors recognised a sound record on financial planning and management and a relatively stable financial position. However, they also noted a rising cumulative budget gap, exacerbated by the impact of the Covid-19 pandemic. As set out in paragraph 68, this remains a risk for the council.

Leadership and governance

- 12.** The council approved a new Aberdeenshire Council Plan 2024-2029 in June 2024, setting out three strategic priorities. The plan is clear and concise, and includes outcomes and performance indicators. This marks an improvement from the council plan at the time of the 2020 BVAR, when auditors noted that priorities were too vague.
- 13.** The council's overall governance arrangements enable effective and transparent decision making. In their 2024/25 annual audit report, auditors found that the council has suitable risk management arrangements. They also noted that policies were appropriate, easily accessible to staff, and kept up-to-date through established processes.
- 14.** The political administration of the council is a coalition, which requires a collaborative approach to making key decisions and addressing council

priorities. The council's leadership must ensure sufficient focus on achieving the depth and pace of transformation needed to put both the council's finances and services on a sustainable footing.

Management of partnership funding

15. The council is the Accountable Body for the Aberdeen City Region Deal, under which it makes grant payments to delivery partners through UK and Scottish government funding.

16. Grant payments are dependent on the council, as the Accountable Body, receiving evidence of projects' spend and progress. An internal audit in 2023/24 identified a need for greater transparency and challenge in respect of this evidence.

17. Internal audit follow-up work in 2024/25 found substantial improvements, but made further recommendations that the council improve arrangements to maximise the use of funding before the Deal ends in March 2027. Internal audit also highlighted a lack of formal review or assurance over the sustainability and continuity of the various projects. The council have committed to addressing these areas by April 2026.

18. A further partnership funding arrangement, the North East Scotland Investment Zone, will commence in March 2026, again with the council as the Accountable Body. The 2024/25 annual audit report noted that governance arrangements were emergent and would need to be finalised quickly to ensure project oversight.

Citizen and community engagement

19. Auditors have consistently reported positively on the council's community engagement activities. The 2020 BVAR noted that the council's six local area committees (which remain in operation) provide a vital connection with local communities and community planning groups.

20. The 2022/23 Best Value report on leadership found that the council appropriately reflected the views of citizens and communities in its priorities and decisions, noting that the council had taken positive steps to ensure that this was the case. In addition, council priorities were informed by positive engagement with stakeholders to identify local needs and inequalities.

21. The council approved its Place Policy and Strategy in June 2024 to support council plan priorities. It set out the council's intention to develop Place Plans, informed by local engagement. As of January 2026, the council's website showed work underway on four Place Plans, with 13 more due to start over 2026 and 2027. A £1.4 million reserve was created during the 2024/25 budget setting process to support Place Strategy delivery, but this was fully utilised to mitigate in-year overspends.

Effectiveness of performance reporting

22. The council has appropriate performance management arrangements in place to monitor and report progress against its priorities.

23. The council's Performance Management Framework supports delivery of the three strategic priorities set out in the council plan. It was refreshed in March 2025 to reflect the new Statutory Performance Information (SPI) Direction published by the Accounts Commission in January 2025.

24. Strategic Directorate Plans incorporate key council plan indicators and Heads of Service within each directorate have also developed business plans, where a curated set of 25-30 indicators are reported to illustrate how the directorate is contributing to achieving the council's priorities.

25. The Strategic Leadership Team (SLT) receives quarterly reviews of council and directorate performance reports. Elected members receive regular updates on council performance through an annual performance report to full council, quarterly reports to relevant policy committees, and six-monthly updates on directorate business plans presented to policy committees. This promotes regular scrutiny of performance at council-wide and service level.

26. In the 2023/24 audit, the auditor recommended that the council enhance the presentation of performance information in its annual performance report, noting that the existing approach over-summarised KPI data, creating a risk that actual performance was not fully understood.

27. Following review in the 2024/25 annual audit, auditors concluded that this recommendation remained relevant. They advised that future reports should include KPI data in a tabular format to enable easier comparison between performance and targets. Auditors will continue to monitor progress on this action as part of the 2025/26 annual audit.

Reported performance

28. In 2024/25, auditors reported that the council's service performance had remained broadly consistent compared to previous years. However, progress against LGBF indicators showed that the pace of improvement had slowed.

29. The 2024/25 annual performance report was published in September 2025. As noted in paragraph 26, auditors concluded further work is required to improve the presentation of data in the report. The report outlined the council's progress against its three strategic priorities using 49 indicators. A breakdown of reported progress is below:

- Connected communities (10 indicators) – 6 green and 4 red
- Living well locally (21 indicators) – 17 green, 1 red and 3 data only

- A sustainable economy (18 indicators) – 11 green, 5 red and 2 data only
- Total (49 indicators) – 34 green, 10 red and 5 data only

30. An overview of movements on all LGBF indicators as of February 2026 is shown in Exhibit 1 alongside the averages for all Scottish councils. Overall, the exhibit shows a good level of improvement since base year, but in the most recent year more indicators declined than improved.

31. Nationally, the council ranks 19th out of 32 councils for indicators in the top two quartiles. It performs above the family group average for area-based comparisons, but below the family group average when compared on a population basis.

Exhibit 1

Aberdeenshire Council – LGBF indicator summary February 2026

Council movements are shown alongside Scotland averages in brackets.

	Cost indicators	Performance indicators	Satisfaction indicators	All indicators
Movement in last year	%	%	%	%
- Improved	50 (51)	40 (44)	0 (24)	38 (43)
- Stayed the same	0 (9)	22 (22)	18 (8)	18 (18)
- Declined	50 (41)	38 (34)	82 (68)	44 (39)
Movement since base year				
- Improved	70 (55)	65 (66)	0 (7)	59 (58)
- Stayed the same	0 (1)	12 (6)	9 (2)	9 (5)
- Declined	30 (44)	23 (29)	91 (90)	31 (38)
Indicators in the top two quartiles				
- Most recent year	65	48	36	50
- Base year	65	51	27	51

1. Scotland average movements are shown in brackets

Source: LGBF as of 9 February 2026

32. At service level, LGBF indicators generally show good improvement since the base year. Tackling climate change (100 per cent), environmental service (79 per cent) and corporate services (71 per cent) saw the highest proportion of indicators showing improvement since base

year. In contrast, financial sustainability (17 per cent), adult social work service (27 per cent) and culture and leisure services (38 per cent) have the lowest proportion of indicators displaying an improvement since base year.

33. The council's performance was better than the Scottish average in areas such as cost per primary school pupil, percentage of pupils from 20% most deprived areas gaining 5+ awards at Level 5, and average time per business and planning application. Areas where reported performance is worse than the Scottish average included home care costs per hour for 65 and overs and rates of hospital readmissions within 28 days.

Workforce planning

34. The 2023/24 thematic review on workforce found that the council's Workforce Strategy, approved in 2019, linked to the Council Plan 2022-2027 and other key workforce policies. However, auditors noted a need to formally link the Workforce Strategy with the Transformation Strategy.

35. The thematic review also highlighted a lack of overarching council-wide data and analysis and noted that, while the council did measure the impact of its workforce planning, more rigorous performance reviews were required to ensure objectives were met.

36. The council has a comprehensive flexible working programme known as workSTYLE. This has been effective, with a benefits realisation assessment in November 2023 showing all expected benefits either achieved or partially achieved. However, auditors noted that expected financial benefits from office space rationalisation had not yet been fully realised by the council.

37. To support future workforce capacity and skills needs, the council developed the 'Springboard' programme, which aims to redeploy skills across the council. In 2023/24, auditors found that the initiative had the potential to deliver savings while maintaining good employee relations, but highlighted that implementation was limited and, without a council-wide analysis of skills gaps, it would not achieve the savings and benefits envisioned.

38. In the 2024/25 annual audit report, the council reported a number of steps either already taken or planned to strengthen workforce planning, recognising that there was room for improvement:

- It approved a new People Strategy in November 2024, linked to the Medium-Term Financial Strategy and the Transformation Strategy.
- It reported that it had made significant improvements in the quality and depth of its workforce data, enabling more robust analysis and informed decision-making.

- It plans to recruit a dedicated workforce data analyst in early 2026 to further strengthen arrangements.

39. Recognising this progress, auditors have now closed all recommendations arising from the 2023/24 thematic review on workforce. Nevertheless, it will be important for the council to continue pushing forwards with its plans to strengthen its analysis and use of data.

Digital

40. The council's previous Digital Strategy, approved in 2021, was well implemented and delivered some cash savings, but the council lacked evidence that the strategy supported improved workforce productivity or service quality.

41. The council transitioned to a new Digital Transformation Programme in 2024, with the aim of delivering savings through a variety of methods including automation and process redesign. The programme will require close monitoring to ensure that cash savings, productivity gains and service quality outcomes are achieved.

Transformation

42. The council approved its Future Aberdeenshire Transformation Strategy in November 2023. This set out a vision for a whole organisation approach to change, with innovative projects helping to create future financial sustainability. Though not explicitly linked, the strategy is aligned to the council plan.

43. The council established a Transformation Reserve in 2023/24 to fund projects that enhance efficiency, modernise services, and deliver sustainable cost reductions. At inception, the fund held £37.5 million, and at 31 March 2025 it held £16.2 million. The reserve has been used to fund voluntary severance costs; the development of the transformation team; work on digital, data and technology; and investment in children's home provision.

44. The 2024/25 transformation review reported that a number of projects were underway but most were still at early stages. The council has a Programme Management Office to support the delivery of transformation, funded by the Transformation Reserve. Resourcing is highlighted as a risk to project delivery in the council's progress reporting.

45. The council has a clear process for approval of Transformation Strategy projects, but this does not capture all transformation activity. Auditors recommended that the council applies a standard governance approach for all transformation and savings projects to ensure proper scrutiny.

46. As part of this, the council needs to set clear financial and non-financial targets for each project and take a consistent approach to

developing these. In 2024/25, auditors reported that the council had not clearly set out savings for each theme or project in the Transformation Strategy, nor timelines for achieving them. As noted in paragraph 53, the £6.2 million budgeted transformation savings in 2024/25 lacked detail and were not delivered.

47. The 2024/25 transformation review highlighted that the council did not have clear arrangements for monitoring and reporting on costs, savings, or success measures and lacked centralised reporting across all transformation projects. Auditors recommended addressing this to allow comparison of projects across the council and to provide elected members with clear oversight of progress and risks. They also noted scope for more frequent reporting to full council.

48. The council has formal partnerships that work well and provide benefits. It has a procurement shared service with Aberdeen City and Highland councils and a partnership with NHS Education for Scotland on digital training. It also has a joint insurance service with Aberdeen City Council; a shared planning service with other local authorities; and a shared internal audit function with Aberdeen City Council, Aberdeenshire and Aberdeen City Integration Joint Boards (IJBs), and the North East Scotland Pension Fund. Beyond this, there is other evidence of partnership working with other councils but the examples are less significant.

49. The council engages well with its local communities. However, in 2024/25 auditors found that Integrated Impact Assessments (IIAs) were only completed when a full business case was required, and that it was not always clear how IIAs had informed business cases.

50. The council needs to strengthen its plans and ensure that it has clarity on the impacts (financial or non-financial) of its transformation work. In doing so, it should seek to assure itself that its transformation plans are sufficiently ambitious, when combined with other measures, to deliver financial sustainability.

Financial management and sustainability

51. Key financial information for the council is included in Exhibit 2.

Exhibit 2

Aberdeenshire Council – key financial information

	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Budget setting				
General Fund budget deficit	19.2	25.0	28.4	29.0

Planned to be met via:

- Savings	11.6	18.6	24.7	21.5
- Use of reserves	3.8	0.9	0.0	(9.5)
- Council tax increases	3.8	5.4	0.0	16.9
- Change in council tax and non-domestic rates exemptions	0.0	0.0	3.7	0.0
- Percentage increase in council tax	3%	4%	0%	10%

Actual

Savings	8.8	15.0	14.5
Reserves:			
Contribution to / (Use of) reserves	178.9	(19.0)	(17.3)
Total usable reserves carried forward, comprising:	84.8	97.6	78.7
General Fund	65.4	80.6	62.2
Earmarked or committed	57.1	73.7	53.2
Uncommitted	8.3	6.9	9.0
Housing Revenue Account	2.0	2.3	2.8
Capital and other	17.4	14.7	13.7
Total unusable reserves carried forward	1,270.6	1,269.8	1,271.4

Source: Audited annual accounts and council committee papers

Financial management

52. In their 2024/25 annual audit report, auditors raised risks around the achievability of the council's budget and savings plans. The council set out savings proposals of £23.6 million in its 2024/25 budget, including £6.2 million through transformation. £14.5 million (62 per cent) of these saving were achieved, with none of the £6.2 million transformation savings delivered. This contributed to a £4.1 million overspend, funded from reserves, against the General Fund revenue budget of £776.3 million.

53. Auditors noted that there was a lack of clarity over the source of the £6.2 million transformation savings in the 2024/25 budget. A further £5.1 million savings are at risk of non-delivery in 2025/26, largely relating to transformation and efficiency savings. In response to an audit recommendation, the council has committed to all savings in its 2026/27 budget being underpinned by specific identified measures.

54. In 2024/25, the council had a net underspend on the Housing Revenue Account of £0.5 million. Within this, overspends of £9.4 million were offset with additional interest income and a reduced Capital Funded

from Current Revenue (CFCR) contribution. The reduction in CFCR led to an additional £2.7 million prudential borrowing to fund capital spend.

Delivery of the capital programme

55. The council underspent on its 2024/25 capital budgets by £38.2 million (39 per cent) for the General Fund and by £8.8 million (18 per cent) for the Housing Revenue Account. This reflects a national picture of capital underspends across councils. The underspends were largely caused by project delays, with capital work impacted by scope and design changes, withdrawals of contractors, and price increases.

56. The council is also forecasting a capital underspend of £13.0 million for 2025/26. Of this, £9.7 million (75 per cent) relates to the Peterhead Cultural Quarter levelling up project. The project will establish a multi-purpose location, but has been delayed due to the need to re-tender for a new contractor.

57. The council aims to deliver 100 per cent of planned capital projects each year, but historically the actual rate has been closer to 75 per cent. It is important that the council ensures its capital plans are accurate and deliverable.

58. In the longer term, the council has a capital plan which sets out its intention to invest £698.5 million over the next 15 years. It plans to fund this primarily through Scottish Government funding (47 per cent) and cash and borrowings (45 per cent).

59. In light of this, borrowing costs as a percentage of expected revenue are forecast to increase from 5.8 per cent to 7.2 per cent over the five years to 2029/30. The council has implemented a cap of 8.5 per cent on this measure to ensure continued affordability.

60. The council is developing a new capital strategy to address current challenges, with the aim of making the best use of assets while aligning with council goals, being cost-effective, and promoting sustainability. It anticipates that this will be introduced in 2026/27.

Financial sustainability

61. The council identified a budget shortfall of £29.0 million in 2025/26, with an additional £7.4 million required on top of this for the IJB. Councils across Scotland are facing significant budget gaps, but the [Local government budgets 2025/26 briefing](#) indicated that the council's budget gap is among the largest in Scotland when taken as a percentage of total revenue budget.

62. The council set out measures in its 2025/26 budget to address the projected shortfall, namely:

- £13.8 million savings;

- £2.0 million voluntary severance;
- £5.7 million transformation savings / service efficiencies; and
- £16.9 million from council tax increases.

63. These measures met the £29.0 million budget gap, with a surplus of £9.5 million to cover the anticipated IJB contribution and to replenish the Risk and Inflation Reserve, which was used to fund the council's 2024/25 overspend.

64. In 2023/24 and 2024/25, auditors warned that the financial position of the Aberdeenshire IJB presented a significant risk to the financial sustainability of the council. The IJB has exhausted all reserves, meaning overspends must be fully funded by the council and NHS Grampian. As of December 2025, the IJB projected a 2025/26 underspend of £4.1 million. This marks a significant improvement on prior years and means that the £7.4 million contribution the council set aside in its budget is not expected to be fully required.

65. The IJB's December 2025 Medium-Term Financial Strategy indicated a funding gap of £98.2 million to 2029/30. This is a significant increase from the previous forecast of £57.0 million from 2023/24 to 2028/29. Given the scale of the funding gap, an unprecedented level of savings would be required for the IJB to achieve financial balance.

66. Auditors also noted financial risks to the council around the Ness Energy from Waste facility, which is a joint project with Aberdeen City and Moray councils. The facility temporarily stopped accepting waste in June 2025, after which the contract between the main supplier and sub-contractor was terminated and operations resumed.

67. The three authorities considered this a material breach of contract and issued a termination notice. The financial implications for the council could be significant, with potential for costs arising from renegotiation of the contract, the need for alternative provision, litigation, and/or settlement. The council is working with its partners and seeking appropriate advice to address this matter.

68. The IJB's financial position and potential costs around the Ness Energy from Waste facility both contribute to a wider picture of concern around the council's medium-term financial outlook. As of February 2025, the council's Medium-Term Financial Strategy projected a cumulative funding gap of £79.5 million over 2025/26 to 2029/30. By the end of quarter 2 2025/26, this had increased to £81.4 million. This is before potential additional costs relating to the IJB or Ness Energy from Waste facility, which the council intends to reflect in its next Medium-Term Financial Strategy.

69. Meanwhile, the council's usable reserves are relatively low in comparison to peer authorities. The council forecasts that these will

increase over the period to 1 April 2029. It also recognises a need to increase its uncommitted General Fund balance. It aims to grow this to £25.0 million by 2029/30.

70. The council faces significant demographic challenges, with the region's pensionable age population expected to increase to 28 per cent by 2030 (compared to 24 per cent across Scotland). This change will increase demand for key services. The council has managed financial pressures to date, but in light of the significant risks it faces, it urgently needs to progress transformation and savings plans to build resilience for the challenges ahead.

Appendix 1

Annual Audit Reports

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

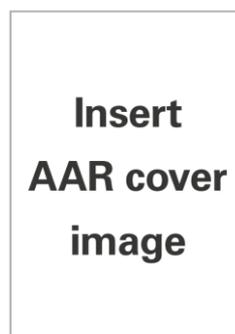
Each Annual Audit Report comprises:

- 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
Aberdeenshire
Council](#)

December 2023



[2023/24 Annual
Audit Report
Aberdeenshire
Council](#)

February 2025



[2024/25 Annual
Audit Report
Aberdeenshire
Council](#)

February 2026

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

Aberdeenshire Council



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Section 102 report: Clackmannanshire and Stirling Integration Joint Board

Item 6

Meeting date:
12 March 2026

Director for the Commission

Purpose

1. This paper introduces the Controller of Audit's report on securing a section 95 officer at Clackmannanshire and Stirling Integration Joint Board (IJB), produced following the 2024/25 audit of the IJB. The paper also provides background and procedural information to assist the Commission in its consideration of the report.

Recommendations

2. The Accounts Commission is invited to:
- consider the Controller of Audit's report
 - note the process to be followed in relation to the report
 - decide how it wishes to proceed
 - approve the proposed publication arrangements.

Background

3. The 2024/25 Annual Audit Report (AAR) for Clackmannanshire and Stirling IJB was considered by the IJB at its 27 February 2026 meeting. The appointed auditor issued an unqualified audit opinion on the accounts in relation to the IJB's financial statements. The AAR however highlights that "the IJB operated without a designated Section 95 officer from 18 October to 21 December 2025 which is not in line with the requirements of the Local Government (Scotland) Act 1973".

4. The Controller of Audit's report draws on evidence from the appointed auditor's AAR and a series of interviews with the Chair, Vice-Chair and officers of the IJB as well as relevant officers from the partner councils and NHS Forth Valley.

The Controller of Audit report

5. This report is made by the Controller of Audit to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act

1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003). The legislation enables the Controller of Audit to make reports to the Commission with respect to:

- the accounts of local authorities audited under the Act;
- any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
- the performance by a local authority of their statutory duties in relation to best value and community planning.

6. The Controller of Audit report was sent to Clackmannanshire and Stirling IJB on 4 March 2026, the same date it was issued to the Commission. The IJB has been advised that it is obliged to supply a copy of the report to each member of the IJB and to make additional copies available for public inspection.

7. Once the Controller of Audit's report is sent to the IJB it is effectively in the public domain.

Procedure

8. The Commission will note that this report is made under the same legislation as the recent reports on Best Value. The process outlined below is therefore the same.

9. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do (in any order) all, any or none of the following:

- direct the Controller of Audit to carry out further investigations
- hold a hearing
- state its findings.

10. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.

11. Members of the audit team will be present at the Commission meeting and will be available to answer questions on the evidence and judgements presented in the statutory report. This is done in the public part of the Commission meeting.

12. The Commission will then decide in private how it wishes to proceed.

13. The Commission is obliged to inform the IJB of this decision shortly after the Commission meeting – this is done on its behalf by the Director to the Commission – before making its decision public.

14. The IJB is required by statute to do the following:

- consider any findings of the Commission within three months of receiving them
- publish in a newspaper circulating in the local area a notice stating the time and place of the meeting, indicating that it is to consider the findings of the Commission and describing the nature of those findings (at least seven clear days before the meeting)
- after the IJB has met, notify the Commission of any decisions made, and publish in a newspaper circulating in the local area a notice containing a summary, approved by the Commission, of the IJB's decision.

15. The Commission asks the IJB for a meeting, preferably in the period between the Commission publishing its report and the IJB considering it, to do the following:

- discuss what the IJB thinks of the Commission's decision and its findings (if applicable), and what the IJB will do in response to the Commission's report
- confirm any next steps and review the audit process.

Publication arrangements

16. The report is due to be published on 23 March 2026. Given the primary audience for the report is other IJBs and authorities, activity by the Communications Team will focus on directing the messages to the sector through a LinkedIn post authored by the Controller of Audit and email distribution to stakeholders. The Controller and Director will also consider the other key stakeholders who should be sent a copy of the final report.

Conclusion

17. The Commission is invited to consider the recommendations set out at paragraph 2 of this report.

The 2024/25 audit of Clackmannanshire
and Stirling Integration Joint Board

Securing a section 95 officer



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
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.

The 2024/25 audit of Clackmannanshire and Stirling Integration Joint Board

Introduction

1. The Code of Audit Practice requires appointed auditors to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. For Integration Joint Boards (IJBs), auditors appointed by the Accounts Commission address the AAR to the IJB and the Controller of Audit.
2. I have received the AAR and the audited annual accounts for Clackmannanshire and Stirling Integration Joint Board (IJB) for 2024/25. The appointed auditor has issued unqualified opinions on the annual accounts but has identified a matter relating to the departure of the Chief Finance Officer (CFO) in October 2025. The IJB failed to formally designate a section 95 (s95) officer until an interim CFO appointment was made in December 2025.
3. I have therefore decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring this matter to the Accounts Commission's attention.

Background

4. IJBs are separate legal entities, bound by Part VII of the [Local Government \(Scotland\) Act 1973](#) (the 1973 Act) which includes requirements relating to finance. Under [section 95 of the 1973 Act](#), IJBs are required to 'make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs'. The 'proper officer' referred to in the legislation is commonly referred to as the s95 officer.
5. IJBs were established under the [Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) (the Public Bodies Act). The Public Bodies Act requires the 32 Scottish councils and 14 territorial NHS boards to work together in partnerships to integrate how social care and community healthcare services are provided. Clackmannanshire Council and Stirling Council formed a single partnership with NHS Forth Valley.

6. [Supporting legislation](#)¹ and [statutory guidance](#)² for the Public Bodies Act set out that the minimum membership of the IJB must include a Chief Officer (CO) and a s95 officer, appointed by the IJB. The CO provides a single point of accountability for integrated health and social care services. For most IJBs the s95 officer is the CFO. This officer is responsible for the financial arrangements of the IJB. The Clackmannanshire and Stirling IJB's scheme of delegation sets out that a range of important responsibilities are delegated to its CFO (the s95 officer). Specifically:

“The CFO will have delegated responsibility from the IJB for the planning, development and delivery of the three-year financial strategy together with such statutory or other legal duties as may have been specifically assigned to the CFO including:

- establishing financial governance systems for the proper use of the delegated resources;
- ensuring that the strategic plan meets the requirement for best value in the use of the IJB's resources; and
- ensuring that the directions to the health board and local authority provide for the resources that are allocated in respect of the directions are spent according to the plan.”

7. In August 2025, the IJB's CFO resigned and on 17 October 2025 left the IJB. An initial recruitment process commenced after the CFO gave notice, and this was followed by a direct request to other IJBs nationally for a secondee. Both were unsuccessful. The IJB operated without a s95 officer for nine weeks until an interim CFO was appointed and started in post on 22 December 2025 on a six-month fixed term contract.

8. During this time, the s95 officers and Director of Finance from all three partners collaborated with the interim CO, sharing key duties to maintain financial management and reporting to the Board.

9. At the IJB's November 2025 meeting, an update was provided to the Board, setting out that the post of CFO was to be re-advertised, that temporary cover was being arranged through an agency and that “in the short term, the s95 council finance leads and Director of Finance for NHS Forth Valley from all partner organisations are working together to cover the core financial requirements”. Minutes of the meeting record that the IJB Chair noted that assigning specific people to these positions is essential for meeting statutory requirements. The supporting paper

¹ [The Public Bodies \(Joint Working\) \(Integration Joint Boards\) \(Scotland\) Order 2014, Scottish Statutory Instrument 2014 No. 285 article 5.2](#)

² [Roles, Responsibilities and Membership of the Integration Joint Board](#)

presented to the IJB notes under the heading of “Legal implications” – “All statutory requirements are being met; no legal issues identified”.

10. Interviews for the permanent CFO post took place on 12 February 2026. The interim CO has advised that the recruitment was successful, resulting in an appointment being made. A timeline of the relevant events is set out in [Exhibit 1](#).

Exhibit 1

Timeline of events

Events relating to the IJB s95 officer role and wider leadership changes at Clackmannanshire and Stirling IJB between August 2025 and February 2026

Month	Event
August 2025	CFO resigns
September 2025	Recruitment process for CFO begins
October 2025	<p>1 October: recruitment process concludes but unable to appoint new CFO</p> <p>2 October: request put out to other IJBs, councils and NHS Boards for a temporary secondment opportunity – no interest</p> <p>3 October: HSCP management accountant leaves post</p> <p>17 October: the former CFO leaves having served his notice</p>
November 2025	<p>3 November: partner finance leads meet to discuss IJB’s finance priority actions</p> <p>Weekly meetings of partner finance leads and interim CO established</p> <p>IJB Chair changes</p> <p>Further recruitment work undertaken to identify a temporary CFO through an agency</p> <p>Paper to IJB meeting updates on interim arrangement – IJB Chair raises the lack of a designated s95 officer</p>
December 2025	<p>5 December: former Interim CO leaves</p> <p>8 December: new Interim CO starts secondment from NHS Forth Valley – due to finish 30 September 2026</p> <p>22 December: interim CFO starts 6-month fixed term contract (to June 2026)</p>
January 2026	<p>Recruitment for substantive CFO post began</p> <p>28 January: interim CFO presents financial report and update to the IJB</p>
February 2026	<p>12 February: interviews for new CFO lead to the appointment of the interim CFO into the substantive post</p>

Source: Audit Scotland

The auditor's opinion

11. The auditor highlights in the 2024/25 AAR that:

- “The Section 95 officer left the IJB in October 2025 and while this has not directly impacted the financial management of the IJB in the 2024/25 financial year, this has presented challenges with the year-end audit timetable. The IJB operated without a named section 95 officer from 18 October 2025 to 21 December 2025.
- “Per the Local Government (Scotland) Act 1973 it is a requirement to have a named officer with responsibility for the administration of financial affairs in place. It is our understanding that during this time the responsibilities of the section 95 officer were shared between the Chief Finance Officers of the three partner bodies. However, there was no named officer with overall responsibility for the financial affairs of the IJB in place.”

The legal requirement was not met

12. Qualified colleagues from the partner organisations managed financial tasks during the period when the IJB had no CFO, ensuring operations continued. However, their roles were not officially assigned or delegated, and no one was appointed as the s95 officer.

13. The IJB's scheme of delegation specifically states:

“If the CFO is absent or otherwise unable to carry out their responsibilities, any suitably experienced and qualified person formally appointed by the IJB to carry out the role in the CFO's absence would be entitled to exercise delegated responsibility under this Scheme as is afforded to the Chief Finance Officer.”

14. Although the partner bodies have provided effective support and have done so in good faith, there is no evidence that the IJB “formally appointed” any or all of the lead officers to fulfil this role.

15. Not appointing a s95 officer means the IJB was not complying with a legal requirement of the 1973 Act, or the supporting Scottish Statutory Instrument and statutory guidance of the Public Bodies Act. The s95 officer has specific duties and responsibilities for the appropriate financial management of significant amounts of public money and is legally accountable for this. If there is a failure to maintain the financial governance and control systems effectively, there is an increased risk of inaccuracies, mismanagement and legal implications for the IJB.

Financial administration has been maintained

16. The auditor found that the gap in having an identified s95 officer did not result in a failure to deliver proper financial administration. He did report that there were challenges with meeting the year-end audit timetable. This also reflects that the other member of the IJB finance team left two weeks before the CFO, leaving no dedicated finance staff.

17. This adds pressure to an already challenging budget process for the IJB and its partners for 2026/27, alongside revising the integration scheme and medium-term financial planning.

18. Delays at the IJB also mean that information is not as readily available for financial reporting and planning at partner bodies. Increased partner involvement has directly strained the finance teams' capacity in each organisation, especially during financially challenging times.

19. Officers of the partner bodies acknowledge that working closely on the financial requirements of the IJB has improved their understanding and their collective approach to addressing the issues faced. The improved working arrangements, understanding and relationships may assist in managing the complex and challenging financial issues ahead for the IJB and partners to address.

20. The Accounts Commission's [IJB Finance bulletin 2024/25](#) highlights that IJBs are in a critical financial position: "With increasing cost pressures and the total level of reserves now lower than the budget gap forecast, IJBs need to take decisive action and make difficult decisions about services." In 2024/25, Clackmannanshire and Stirling IJB faced a financial gap of £24.7 million, which is almost 8.9 per cent of total budgeted expenditure. By the end of the financial year, the IJB was forecast to achieve £8.6 million savings and had no contingency reserves left.

The IJB has experienced significant leadership instability

21. The initial difficulties that the IJB faced in recruiting a new CFO reflect a challenging context for recruitment and retention of CFOs (and COs) across the sector. The IJB Finance bulletin 2024/25 highlights that:

"Over half of IJBs experienced a change in senior leadership at either the CFO or CO level in 2024/25. This continues a pattern that has been evident for several years. The leadership and strategic vision of senior officers is crucial in the strategic planning and decision-making required to drive much-needed transformation. Instability in leadership teams has the potential to disrupt strategic planning and the leadership capacity to bring about the fundamental change required to address the growing scale of challenges facing IJBs."

22. The IJB has been through a period of leadership instability. Although the CFO had been in post for ten years, the CO role has been held by four

individuals over the past five years with three of those being on an interim basis. The Chair's role changes every two years by design, but five different individuals have served as Chair in the past five years.

23. The former interim CO came to the end of her appointment and was replaced by the current interim CO in December 2025. In December 2025, the CO and CFO were both new to the role and interim appointments. In November 2025, the Chair of the IJB also changed.

24. The IJB will benefit from a period of leadership stability, particularly given the challenging financial context it faces. The appointment of the interim CFO into the substantive post in February 2026 is a positive step. The IJB also anticipates beginning recruitment for the substantive CO post before the end of March 2026.

25. The interim CO has recently sought and agreed legal support for IJB meetings from one of the partner councils. This had been the arrangement in the past but was discontinued in 2024. The legal implications of not appointing a s95 officer is an example of where appropriate legal support is important.

Conclusions

26. The departure of the IJB CFO did not adversely affect financial management or annual account preparation, though the auditor reported some challenges with year-end audit arrangements. The limited impact reflects the close working undertaken by the three partner body CFOs and the IJB interim CO.

27. However, it is a legal requirement for the IJB to have a s95 officer in place and the informal arrangement between October and December 2025 did not fulfil this requirement. At any point, financial management of public money requires clear lines of responsibility and accountability, and this is heightened with the current challenging financial landscape as set out in the Accounts Commission's IJB Finance bulletin 2024/25.

28. I have asked the appointed auditor to monitor progress at Clackmannanshire and Stirling IJB with the effectiveness of the financial management arrangements as the new s95 officer takes up the substantive role. The auditor will also monitor the wider stability of leadership at the IJB and report on progress with improving governance arrangements in their report on the audit of the 2025/26 accounts.

Lessons for all IJBs

29. There is a notable turnover of CFOs and COs in IJBs and there is a limited pool of candidates with the skills, experience and appetite to take on these challenging roles. The circumstances at Clackmannanshire and Stirling IJB are not unique and it is important that all IJBs consider their arrangements to manage the duties and responsibilities of these posts if there is a period when they may become vacant.

30. The duties of statutory roles such as s95 and COs must be formally assigned to an appropriate individual or individuals. These arrangements should be considered by the IJB's legal advisor to ensure they are appropriate and reflect the requirement of the role. The proposed arrangements should be agreed by the IJB. Informal agreements do not meet the legal requirement and do not provide satisfactory accountability for the significant responsibilities held by these posts.

31. Each IJB should:

- ensure it has appropriate legal support to provide advice on meeting statutory and governance requirements

- ensure governance documentation includes contingency arrangements for a gap in a statutory role so that in these circumstances an appropriate individual is identified as responsible and accountable for the specific duties.

32. If there is the potential for a statutory role to become vacant IJBs should:

- seek an immediate interim appointment until the permanent post can be filled to meet the statutory obligations under section 95 and ensure continuity of statutory financial administration
- accelerate permanent recruitment
- proactively inform the appointed auditors about the vacancy, the interim measures in place, and the recruitment timetable
- while interim cover is in place –
 - strengthen internal controls and monitoring including internal audit scrutiny
 - reassess financial strategy and risks
 - introduce safeguards for financial decision-making
 - maintain transparency with board members, including increasing the frequency of financial monitoring reports.

The 2024/25 audit of Clackmannanshire and Stirling Integration Joint Board

Securing a section 95 officer



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Local government policy update

Item 7

Policy Manager for the Commission

Meeting date:
12 March 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 shared directly with local government stakeholders for information and posted on the Commission's website.

Recommendations

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

Recent publications

3. Media coverage and engagement for recent publications is as follows:

- [Financial bulletin supplement: Scottish Budget](#) (12 February)
 - No media activity or coverage. 700 downloads in February.
- [Integration Joint Boards: Finance bulletin 2024/25](#) (26 February)
 - *Coverage:* Interviews with BBC, STV and Go Radio. Some national, local and sector news media reporting. Responses from Scottish Government, COSLA, political parties and unions.
 - *Engagement:* 550 downloads in the first 3 days. Social media information not available at time of writing.
- [Best Value: Shetland Islands Council](#) (5 March)
 - *Published after this report was produced. Updates via email in the interim and details to be included in the next Policy Update.*

Media and Parliamentary monitoring

4. Recent references to Commission publications in Parliament include:

- [Finance and Local Government Questions, 4 February](#): Shona Robison cited the Commission when referring to real-terms increases in funding for local government in the 2026/27 budget and “the past three Scottish budgets”, in reply to questions from Labour MSPs about COSLA's response to the budget.

- [Debate on Council Tax, 4 February](#): Ms Robison repeated these references, and opposition MSPs cited the Commission in relation to the budget gap of £528 million for 2026/27 projected in last year's Budgets briefing, and the 24 per cent ring-fenced funding, rising debt and falling reserves reported in the Financial bulletin.
- [Public Audit Committee, 18 February](#): The Commission was cited and quoted when the Committee took evidence from senior Scottish Government officials regarding the 'Delayed discharges' and 'Community health & social care performance' publications.
- [Budget Bill Stage 3 debate, 25 February](#): Jamie Greene MSP (Lib Dem) briefly mentioned the Commission when referring to a "£1 billion black hole in local government finances".
- [First Minister's Questions, 26 February](#): Jackie Baillie MSP (Labour) cited the IJBs finance bulletin, published that day, in raising funding gaps in social care and the impact on vulnerable people.
- [Local Government Finance Order debate, 26 February](#): The Commission was mentioned by MSPs from almost all parties – by Ministers in relation to a real-terms increase in the 2026/27 budget, and by opposition Members quoting forecast budget gaps.

5. Elsewhere the Commission featured in a Local Government Information Unit (LGIU) article, [Key insights from the Accounts Commission: Best Value, radical change, and accountability](#). This shares "key takeaways" from a conversation with Jo Armstrong and Andrew Burns by LGIU's Chief Executive, Jonathan Carr-West. The article covers issues around financial pressures facing councils, transformation, community engagement, audit safeguards and the impact of the Commission's reporting.

Scottish budget and financial outlook

6. The [Scottish Parliament passed the Scottish budget for 2026/27](#) and the Local Government Finance Order, on 25 and 26 February respectively. On the budget, SNP and Liberal Democrat MSPs voted in favour and Conservatives against, while Labour and the Greens abstained. On the Finance Order, the Conservatives abstained and all others voted in favour.

7. The agreed Scottish budget included amendments such as:

- Social care – £20 million added to the local government settlement to be used to fund the Real Living Wage for workers in the adult and childcare sectors. This followed discussions with COSLA, who had said that the original budget met the Real Living Wage uplift for social care but not the increase in the statutory minimum wage.
- Investing in Communities - £5.33 million added to the Economy portfolio to support continuity for community-led projects while work progresses on transitioning to future funding arrangements.

- Non-Domestic Rates: new reliefs for eligible licensed premises and music venues, and for some self-catering properties, adding to the planned relief for small retail, hospitality and leisure properties.

8. A number of experts have published analyses of the economic and political landscape ahead of the Scottish Parliament election. Some of these have been [summarised by the BBC's Douglas Fraser](#). For example:

- The [Scottish Fiscal Commission](#) (SFC) produced a summary of the pressures on the Scottish budget identified through its short-term and long-term forecasts. These include rising demand for services, rapidly growing social security spending, a continuing squeeze on living standards, and child poverty and net zero obligations, as well as savings targets and a need to manage workforce costs. The SFC also says tax revenue is growing, with more people paying the higher rate due to the freezing of thresholds.
- The [Fraser of Allander Institute](#) (FAI) called on political parties to be honest with the electorate about the scale of financial challenges facing the Scottish public sector. They highlighted pressures in health, social care, justice and post-school education finances alongside low productivity growth, net zero transition and population ageing as significant issues to be tackled by the next government. The FAI also warned of a ["looming crisis on public sector pay"](#).
- The [Institute for Fiscal Studies](#) (IFS) looked at the impact of an expected reduction in Scotland's "funding advantage". Funding for public services may become static in real terms in contrast to recent increases, and funding per person is set to be 23 per cent higher than in England by 2028/29, compared to 32 per cent in 2019/20. The IFS says it will be harder to provide more generous services in Scotland as a result. They also wrote about [shifts in health and social care spending](#) signalled by the spending review.

9. The UK Government's Spring Statement on 3 March will result in a total of [£921 million of additional Barnett consequential funding](#) for the Scottish Government across three years, 2026/27 to 2028/29. Almost all of this is resource funding, most of which in turn comes from the measures relating to special educational needs and disabilities (SEND; see below). The write-off of SEND debts will trigger £533 million of additional money in 2026/27, while extra spending on SEND in England in 2028/29 will result in £326.5 million of additional funding in that year.

Local government finance issues

10. Almost all councils have now set their budgets for 2026/27. [BBC News has published an overview](#) focused on council tax rises, including a tracker of increases confirmed or proposed by each council. Links to council news releases and press coverage of budget-setting by each council are provided in [this briefing for members](#).

11. [The Daily Mail reported](#) that councils in Scotland are preparing to write off almost £100 million of council tax arrears. Analysis of [local government finance statistics](#) showed councils put aside £92.8 million for provisions against doubtful debts – in the context of around £4 billion raised through council tax and other charges, subject to discounts and exemptions.

12. The Scottish Parliament agreed to the general principles of the [Bill to amend the Visitor Levy \(Scotland\) Act](#). The Local Government, Housing and Planning Committee had earlier [backed the draft Bill in its Stage 1 report](#) and was scrutinising the Bill in detail at Stage 2 at time of writing.

Policy area updates

Education, children and young people

13. New figures show [the poverty-related attainment gap remains wider than before the pandemic](#). The gaps between the proportions of pupils from the least deprived and most deprived backgrounds gaining either at least one or at least five passes at National 4, National 5 and Higher levels in 2024/25 fluctuated, with some narrowing compared to the year before. However, on almost all measures the gap is wider than in 2018/19.

14. [Residents on Mull have lost a bid for judicial review](#) against Argyll and Bute Council's decision to build a new school campus at Tobermory in the north of the island. Many parents wanted a more central location to avoid pupils from the south having to travel to and stay in Oban for school during the week. They argued the council had failed to follow proper process, but the Court of Session dismissed the case, saying the council acted lawfully. It's the second failed judicial review against the council in recent months.

15. Aberdeenshire Council's education committee chair has said [rural schools may have to merge](#) if pupil numbers continue to fall. The council oversees a large geographic area with a number of sparsely-attended rural primary schools. The [council is currently consulting](#) on proposed closures of two schools and a merger of two others. Meanwhile, it was reported that some councils are [spending millions of pounds on temporary buildings](#) as a short-term measure to address a lack of capacity in their schools.

16. The UK Government has announced [reform of provision of support for SEND](#) in England, in response to rapidly growing demand. In future, only children with the most complex needs will be eligible for a legally binding Education, Health and Care Plan. The Government will also [provide grants to write off 90 per cent of English councils' SEND-related debts](#). These were set to be applied to council accounts from 2028, but the Government will now take responsibility for SEND funding from then.

Housing and homelessness

17. Glasgow City Council has set out plans [to borrow money to cover the rising costs of homelessness](#), as part of its 2026/27 budget. Following discussions with the Scottish Government, the council will be able to 'convert' its capital grant into revenue funding to pay the cost of borrowing,

then borrow to fill the gap in its capital budget. City Treasurer, Cllr Ricky Bell, admitted this is a “one-year solution” and said the council will work with the government to reach a “sustainable position”.

Infrastructure, communities and climate change

18. Community council members from rural areas across Scotland have met with Energy Secretary Gillian Martin to express their [concerns about planned major new renewable energy developments](#). Campaigners say people living in the areas affected feel their concerns are not being heard. The Scottish Government says potential impacts on communities are important considerations in the decision-making process, but [a pause on such developments is not a “sustainable position”](#).

19. In February, one controversial wind farm proposal for the Borders was approved by Ministers despite being opposed by the council, while appeal judges overturned Ministerial approval of another, that was originally rejected by the council in 2020.

20. Research carried out for Greenpeace has shown that [nearly 400,000 homes in Scotland could be at high risk of severe flooding by 2080](#) if global temperatures rise by 2.4C above pre-industrial levels. Similar analysis by the Environment Agency has found that around one million homes in England are already in the highest category of flood risk.

21. A £54 million flood protection scheme planned for Musselburgh in East Lothian is likely to be [delayed and/or reduced due to its costs exceeding a cap on national funding](#). The scheme is also subject to a public inquiry, which will take one to two years, having received hundreds of objections. Meanwhile, Argyll and Bute Council reported the [estimated cost of damage caused by Storm Eowyn](#) in January 2026 exceeds £4 million. Funding has mostly been identified, including through the national Bellwin Scheme.

22. The Scottish Government published a new National Islands Plan [proposes detailed appraisals on three new fixed links](#) – between Mull and the mainland and between islands in the Outer Hebrides. The Plan sets out the potential benefits but acknowledges that local opinions may vary. Earlier, Comhairle nan Eilean Siar backed the development of links between Barra, the Uists and Harris, but opposed links to the mainland.

23. A report by the Equalities, Human Rights and Civil Justice Committee says the Scottish Government needs to target action to ensure rural areas have access to services and rights, and [tackle the “rural premium”](#). A lack of affordable housing and adequate infrastructure, combined with a higher than average cost of living, were also found to pose significant challenges to the sustainability of rural communities.

24. Meanwhile the Islands Forum set up by the previous UK Government to discuss the challenges and opportunities faced by island communities has been [scrapped after meeting just four times](#). Island council leaders expressed disappointment that the useful initiative had been wound up.

Workforce and administration

25. Argyll and Bute Council says it has made changes to its recruitment policy after finding that [two thirds of applicants for jobs were “not suitable”](#) for interview. The council also says it takes an average of 78 days to fill a vacancy, with challenges arising when posts are not filled. Job descriptions and interview processes will now set out more clearly the expectations for the role, linked to the council’s ‘Connect for Success principles’.

26. South Ayrshire Council has said [job cuts are “inevitable”](#) over the next few years as it seeks to balance its budget. Pay accounts for half of all of the council’s spending, and it is seeking to include target percentage reductions in its workforce as part of its next workforce plan.

27. West Lothian Council is to [stop public broadcasting of its meetings](#) as part of its budget cuts. The proposal, which will save £51,000 largely in staffing costs, was one of a range of options put forward in the council’s large-scale public consultation, which showed little support for retaining the service. The broadcasts have very few viewers, often in single figures. The council will retain its free ‘Bulletin’ newspaper for all households, though, after a budget proposal that included ceasing it was rejected.

28. There has been a mixed response from councils to the additional bank holiday to mark Scotland’s participation in the men’s football World Cup. The holiday applies to Scottish Government-employed staff but is optional for other public bodies. Councils in Aberdeen and Glasgow have decided to implement the holiday, but a number of others have rejected it, citing the significant additional cost amid existing pressures on budgets. Glasgow City Council estimates [the holiday could cost £520,000](#).

Other updates

29. The [UK Government abandoned plans to delay elections](#) for councils in England that are subject to reorganisation. The changes will see district and county councils merged into unitary authorities in some areas and neighbouring councils merged in others. It had been considered that holding elections for the 30 affected councils was an unnecessary strain on resources. However, the Government was advised that it was likely to lose a legal challenge brought by Reform UK. Those councils now face a very compressed timescale for organising the elections.

30. Recent publications and updates of possible interest to members (besides those referenced earlier in this report) are listed below:

- Scottish Budget:
 - Scottish Parliament: [Finance Committee calls for government fiscal action before and after election](#)
 - Scottish Government (SG): [Response to budget scrutiny report](#)
 - LGIU: [Scottish Budget - a deeper look at implications for councils](#)

- Scottish Parliament Information Centre (SPICe): [The 2026-27 Budget in ten charts](#)
- Scottish Government:
 - SG: [Update on progress with Public Service Reform, Jan 2026](#)
 - SG: [Update on the National Performance Framework](#)
 - SPICe: [When is a strategy a strategy \(or not\)? Navigating a complex landscape](#)
- Scottish local government and democracy:
 - LGIU: [What does the year ahead mean for the future of local government? Five key takeaways from an LGIU event](#)
 - LGIU: [Interview with Cllr Richard Bell, Glasgow City Council and COSLA's Resources Spokesperson](#)
 - COSLA: [Abuse and intimidation in politics is threatening democracy in Scotland and the UK, new report finds](#)
 - COSLA: [COSLA speaks out against online abuse](#)
 - Joseph Rowntree Foundation: [Council Tax reform in Scotland](#)
 - LGIU: [Council tax reform: too little too late](#)
- Poverty, inequality and economic development:
 - SPICe: [The ongoing pursuit of 'prevention' in health & social care](#)
 - LGIU: [Tackling child poverty in Scotland by breaking the cycle](#)
 - LGIU: [Making sense of local economic development funding](#)
 - Improvement Service (IS): [Understanding the challenges of childcare in remote, rural and island settings](#)
- English local government:
 - LGIU: [Better late than never? Changes in the final Local Government Finance Settlement for England](#)
 - IFS: [Will reforms achieve 'fair funding' for English councils?](#)
 - IFS: [Government signals major reform of SEND in England](#)
- Other updates from the IS:
 - [IS & Audit Scotland collaborating on best value self-assessments](#)
 - [IS publishes "You Said, We Did" stakeholder survey update](#)

Conclusion

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

Chair's update

Item 8

Chair of the Accounts Commission

Meeting date:
12 March 2026

Purpose

1. This report provides an update on the engagements and work of the Chair of the Accounts Commission since the Commission met last and upcoming engagement before the next meeting.

Engagement and Commission business

Commission business

- Regular meetings with Sarah Watters (Director for the Commission) and Helena Gray (Controller of Audit)
- 5 March: Preparatory meeting for the March strategy seminar and March Commission meeting, with Andrew Burns (Deputy Chair), Helena Gray, Sarah Watters and Joe Chapman (Policy Manager for the Commission)
- 11 March: twice-yearly Accounts Commission strategy seminar

Audit Scotland engagement

- Regular meetings with Alison Cumming (Executive Director of Performance Audit and Best Value), Vicki Bibby (Chief Operating Officer) and Stephen Boyle (Auditor General)
- 24 February: Future Public Audit Model (phase 3) Commission 'sounding board' meeting
- 3 March: Audit Scotland (AS) Board: Risk deep dive – Cyber resilience and recovery
- 5 March: AS Audit Committee meeting and Remuneration and Human Resources Committee (RemCo) meeting

External engagement

- 13 February: Meeting with COSLA Presidential team (with Andrew Burns and Sarah Watters)
- 3 March: Biannual meeting with Ellen Leaver, Scottish Government Acting Director for Local Government

Forthcoming activities

- Regular meetings with Sarah Watters, Helena Gray and Lee Ovens (Executive Assistant)
- Regular meetings with Alison Cumming, Vicki Bibby and Stephen Boyle
- 12 March: Deloitte “State of the State” event (on their annual survey of challenges facing government and public services)
- 24 March: Regular (every two months) meeting with Catriona MacKean, Scottish Government Deputy Director for Local Government
- 24 March: AS Board procurement training
- 31 March: AS Board meeting; AS Board: Risk deep dive – Managing our reputation
- 15 April: Future Public Audit Model (phase 3) Commission ‘sounding board’ meeting

Conclusion

2. The Commission is invited to:

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