

# Agenda

Thursday 18 June 2026 10:00am

Audit Scotland office, 8 Nelson Mandela Place, Glasgow  
and online via Microsoft Teams  
533rd meeting of the Accounts Commission

## Public session

- |  |                             |              |
|--|-----------------------------|--------------|
| <b>1. Apologies for absence</b>  | Chair                       | 10:00        |
| <b>2. Declaration of connections</b>   |                             |              |
| <b>3. Order of business</b>  |                             |              |
| The Chair seeks approval of business including taking items 10 to 18 in private for the reasons set out on the agenda. |                             |              |
| <b>4. Minutes and matters arising from previous meeting</b>  | Director for the Commission | 10:05        |
| <b>5. Section 102 report: Clackmannanshire Council</b>   | Controller of Audit         | 10:10        |
| <b>6. Local government policy update</b>   | Policy Manager              | 10:45        |
| <b>7. Chair's update</b>   | Chair                       | 10:55        |
| <i>Break (10 mins)</i>   |                             | <b>11:05</b> |
| <b>8. Best Value: Inverclyde Council</b>   | Controller of Audit         | 11:15        |
| <b>9. Any other public business</b>  | Chair                       | 12:20        |
| The Chair will advise if there is any other public business to be considered by the Commission.                        |                             |              |
| <i>Break (10 mins)</i>   |                             | <b>12:20</b> |

## Private session

- |  |                     |              |
|--|---------------------|--------------|
| <b>10. Section 102 report: Clackmannanshire Council with Clackmannanshire Council representatives</b>        | Chair               | 12:30        |
| [Item to be in private as it requires the Commission to further consider a statutory report.]                |                     |              |
| <i>Lunch (40 mins)</i>   |                     | <b>13:00</b> |
| <b>11. Controller of Audit's update</b>  | Controller of Audit | 13:40        |
| [Item to be in private as it requires the Commission to consider confidential policy matters.]               |                     |              |
| <b>12. Best Value: Inverclyde Council</b>  | Controller of Audit | 13:50        |
| [Item to be in private as it requires the Commission to consider actions in response to a statutory report.] |                     |              |

<p><b>13. Section 102 report: Clackmannanshire Council</b>          [Item to be in private as it requires the Commission to consider actions in response to a statutory report.]</p>	<p>Controller of Audit</p>	<p>14:15</p>
<p><i>Break (10 mins)</i></p>		<p>14:40</p>
<p><b>14. Sustainability of adult social care performance audit – proposed scope</b>          [Item to be in private as it requires the Commission to consider the nature of forthcoming audit work.]</p>	<p>Executive Director of Performance Audit and Best Value</p>	<p>14:50</p>
<p><b>15. Performance Audit and Best Value Work Programme update</b>          [Item to be in private as it requires the Commission to consider confidential policy matters.]</p>	<p>Audit Director, Performance Audit and Best Value</p>	<p>15:10</p>
<p><b>16. Accounts Commission annual review 2025/26 – draft output</b>          [Item to be in private as it requires the Commission to consider a draft of a forthcoming publication.]</p>	<p>Director for the Commission and Head of Communications</p>	<p>15:35</p>
<p><b>17. Chief Operating Officer’s update</b>          [Item to be in private as it requires the Commission to consider confidential policy matters.]</p>	<p>Chief Operating Officer</p>	<p>15:50</p>
<p><b>18. Any other private business</b>          The Chair will advise if there is any other private business to be considered by the Commission.</p>	<p>Chair</p>	<p>16:00</p>
<hr/> <p><b>Close of meeting</b></p>		<p>16:00</p>

# Minutes

Thursday 14 May 2026 10.00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams  
532nd meeting of the Accounts Commission

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## Present:

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

## In attendance:

Sarah Watters – Director for the Accounts Commission  
Helena Gray – Controller of Audit  
Joe Chapman – Policy Manager for the Commission  
Vicki Bibby – Chief Operating Officer  
Alison Cumming – Executive Director of Performance Audit and Best Value (PABV)  
Pauline Gillen – Audit Director, Audit Services Group (*items 5 and 10*)  
Mark Laird – Senior Audit Manager, Audit Services Group (*items 5 and 10*)  
Blyth Deans – Audit Director, PABV (*Items 11 and 13*)  
Leigh Johnston – Senior Manager, PABV (*Item 11*)  
Zoe McGuire – Audit Manager, PABV (*Item 11*)  
Fiona Lees – Senior Auditor, PABV (*Item 11*)  
Rebecca Hall – Senior Manager, PABV (*Item 12*)  
Bernie Milligan – Audit Manager, PABV (*Item 12*)  
Kathrine Sibbald – Senior Manager, PABV (*Item 13*)  
Kenny Oliver – Executive Director of Innovation and Quality (*online, items 14 and 15*)  
Jonny Steen - Director of Audit Quality and Appointments (*Item 14*)  
Jennifer Doolan – Manager, Audit Quality and Appointments (*Item 14*)  
Paul O'Brien – Director of Quality and Support (*Item 15*)

## 1. Apologies for absence

Apologies were received from Nichola Brown and Andrew Cowie.

## 2. Declarations of connections

Jennifer Henderson declared connections to items 14 and 15, due to her role within an audited body. Having taken advice from the Director and Ethics Partner, she did not consider her connection material and therefore would remain in the meeting and participate in the discussion of these items.

Malcolm Bell, Carol Evans and Angela Leitch declared connections to item 15, due to their roles within audited bodies. Having taken advice from the Director and Ethics Partner, they did not consider their respective connections material and therefore would remain in the meeting and participate in the discussion of this item.

## 3. Order of business

It was agreed that items 9 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 March and April's respective meetings 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:

- Local Government Benchmarking Framework (LGBF) – Sarah will seek members' proposed areas of focus ahead of the discussion on LGBF with Kenneth Lawrie and Emily Lynch at August's Commission meeting
- Local Audit Office in England – an update on this work will come to a future meeting, and consideration is underway as to the most appropriate time.

## 5. Best Value: Angus Council

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

- Performance:
  - Prioritisation – 70 indicators that match strategic priorities. In the short-term, 32 of these are showing improvement, 27 are declining, with the rest either showing no change or no data at this time. Longer-term, 36 are improving and 27 are declining, with the rest unchanged.
  - Overall trends – LGBF data since base year 2010/11 shows that 49 per cent of the 108 indicators have improved, with 6 per cent remaining unchanged and 45 per cent declining.
  - Declining satisfaction rates – linked to decisions taken to address financial sustainability challenges. Complex picture but council satisfaction indicators are consistent with national trends.

New performance management framework – rolled out in 2025 after the Best Value Assurance Report in 2022 noted slow progress in implementing it; an effectiveness review will be carried out after the first year. Too early to judge the extent to which this will show how the council's chosen priorities are impacting on performance in different areas.

- Community engagement:
  - 'Engage Angus' online portal – allows members of the public to feed into budget setting and prioritisation. In its first year of use, public showed a strong preference for council tax raises over service cuts.
  - 2025/26 budget – residents were consulted in two stages. First stage asked to rank priorities, with responses broadly in line with the council's. Second stage sought residents' views on options to close the budget gap (though it is not always possible to implement the public's preferences).
  - 2026/27 budget – different approach, targeting engagement via schools, community groups, and others to improve reach. Less desire to increase council tax for this budget, with 70% responding 'no' when asked if council tax is value for money.
- Transformation:
  - Change programme / savings – achieved 82% of 2024/25 target, due to various factors. Lowest to date but auditors believe this was an anomaly, as 94% delivered in 2025/26. Council does track and monitor achievement of savings, using red/amber/green ratings, and the budget is actively managed.
  - Use of Change Fund – overseen by management board and managed on a case-by-case basis, requests must meet specific criteria to be considered.
  - Tracking and realising benefits – robust financial reporting in place for transformation. Non-financial reporting, such as outcomes and achievements, is less strong but this can be more difficult to report on.
  - Shared services and partnerships – Angus is strong in this area, multiple transformation projects are jointly funded, and there are good examples such as Tayside Contracts and the Tay Cities Deal. Monifieth Activity Centre is an example of a shift to community-led services supported by the council.
- Finances:
  - Updated figures – 2026/27-2028/29 budget gap projected at £30.2 million, up from £24.5 million previously projected. Plan to close £19.8 million through strategic use of reserves and council tax increases (up from £15 million), and £10.5 million through savings (up from £9.5 million)
  - Reserves – have been used to cover shortfalls since 2023 which the council recognises is not sustainable. 2026/27 budget does not rely on reserves to balance. Uncommitted reserves are low, however £5.5 million of overall general reserves of £44 million is earmarked for contingency. Longer-term financial strategy focuses on reducing use of reserves.

- Council tax – historically Angus has had one of the lowest council tax rates in Scotland
- Integration Joint Board (IJB) – 2024/25 reported a £2.43 million deficit, met by use of reserves. Planned use of £1.8 million of reserves in 2025/26. Plans are in place to meet structural shortfalls sustainably.
- Leadership:
  - New leadership – auditors have no concerns over leadership’s ability to deliver savings. Audit reports note confidence in scrutiny and oversight
  - Member scrutiny – improvement recommended specifically for change programme reporting. Scrutiny is robust, and members are offered workshops and training in technical areas
  - Senior management restructure – change of Chief Executive and retirement of a deputy gave opportunity to reflect on leadership structure and improve succession planning and resilience. Small savings are anticipated, and 2025/26 audit will reflect on how well the restructure is working
- Other areas of interest:
  - Workforce planning – recommendation around conducting a full skills audit is outstanding, previously planned but paused due to leadership change. Digital will now be the initial focus of the skills audit, against the context of the new digital strategy approved at the end of 2024/25, and then other areas will follow
  - IT assurance – council receives assurance reports from service companies, and no major risks have been identified. This is an informal arrangement, which auditors have recommended is formalised.
  - Audit adjustments – the council has planned to improve accuracy on future reports, and auditors report no significant concern regarding the amount of audit adjustments made.

Overall, members felt it was a good report and commended the council for its response to previous recommendations.

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

## **6. Local government policy update**

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

Joe highlighted the following areas of interest:

- Post-election period – appointments of various roles will take place in the coming days, followed by the formation of committees. MSPs will elect committee conveners.

- Budget gap – Scotland faces a significant future budget gap, as outlined in its medium-term financial strategy, which did not receive much attention from parties during the election campaign.

During discussion, the following issues were raised:

- Mull school campus – ongoing debate, and unclear whether a recent decision to remove Barra and Vatersay campus from the Learning Estate Improvement Programme will be replicated.
- Aberdeen City Council's hydrogen buses – members noted the decision to stop the project and switch to electric vehicles, despite significant spend, and discussed potential for lessons learned.
- Glasgow's unpaid business rates – members noted this may be an area of interest in the next financial bulletin.

The Commission **noted** the contents of the update.

## 7. Chair's update

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

- Clackmannanshire & Stirling IJB – Jo and Malcolm Bell met with the IJB's Chair, Vice Chair and Chief Officer last week. The Chair stated that members had been wrongly assured by officers that there were no risks when the statutory post was vacant, despite concerns being raised. Legal advice processes have now been strengthened, and the new Chief Financial Officer is improving governance and financial oversight. The IJB accepts all the findings and will consider the report formally in June.

The Commission **noted** the contents of the update.

## 8. Any other public business

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

## 9. Controller of Audit's update (including strategic scrutiny update)

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

- Scheduling of Best Value reports – a number of factors affecting the schedule, including additional section 102 (s102) reports for two councils
- Scrutiny coordination –
  - proposal for the Strategic Public Sector Scrutiny Network (SPSSN) to absorb the current scrutiny coordination group

(SCG) given there is a lot of crossover in both groups' work. SCG would continue as a sub-group, with a specific focus on local authority network (LAN) discussions, which the SCG previously identified as their main area of focus.

- Helena set out proposed next steps including engagement with key stakeholders on the progress made so far and proposed next steps.
- The Commission indicated it would welcome a broader discussion on the positioning of audit and scrutiny. The Director will add this to the agenda for September's strategy seminar

### **Action: Director for the Commission**

During discussion, a number of items were raised:

- Audit delays – noted that East Dunbartonshire Council's 2023/24 audit has faced further delays as the auditor awaited updated accounts, now expected to sign off in June

Following discussion, the Commission:

- **noted** the contents of the report
- **agreed** with the proposed next steps in relation to outstanding 24/25 audits.
- **agreed** the proposed revised Best Value reporting schedule
- **approved** the proposal that SCG become a subsidiary group of SPSSN

## **10. Best Value: Angus Council**

The Commission considered its response to the Controller of Audit's report on Best Value in Angus Council. Members agreed to issue findings in response to the report, 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.

## **11. Local government budgets 2026/27 – draft budget bulletin**

Alison Cumming, Executive Director of Performance Audit and Best Value (PABV) presented the draft local government budget bulletin 2026/27 for approval.

During discussion, a number of items were raised:

- Members like the succinct key messages and commended a well written report, including the clarity regarding some areas of local

government finance, but suggested further clarity may be needed regarding funding provided for specific commitments.

- Commission expectations – members noted good progress on previous years' expectations and suggested a similar preamble to 2025's bulletin be included, to reinforce existing expectations in terms of budget-setting practice. A checklist format for elected members was proposed, and the audit team will work with Communications to develop this as a supplementary output.

#### **Action: Executive Director of PABV**

- Annual audit reports – it was noted that some councils set their budgets having not had their most recent audit (or in some cases, an earlier audit) completed. It was suggested that the financial bulletin (published in January) would be the most suitable report to address this issue, while the budget bulletin (in June) focuses on the overall picture of the scale of budget challenges. Sponsors will consider this area in discussion with the team.

After discussion, the Commission:

- **delegated** final sign off of the draft local government budget bulletin 2026/27 to the sponsors
- **noted** the contents of the report, and the limitations of some of the data

## **12. Digital leadership and collaboration in local government – proposed scope**

Alison Cumming presented the Audit Issues and Methodology (AIM) statement and scope for a performance audit on digital leadership and collaboration in local government, for approval.

During discussion, a number of items were raised:

- Assurance that there is limited duplication of this work and the Best Value Data and Information thematic audit work proposed for Year 5. Teams are working closely to avoid this.
- Case studies – councils proposed were chosen due to examples of innovation and good practice as well as their digital maturity. Broader perspectives will be fed in from other councils during the planned roundtable and wider evidence from sector wide leads.

Cyber-security – not directly included in this work due to complexity. Focus is on strategic leadership and will likely include how cyber risk is managed.

Digital systems affordability – value for money is a consideration when reviewing leadership. Previous report also highlighted need to overhaul funding for the Local Government Digital Office and members would welcome an update on progress

- Staff communication – carried over from previous digital audit which recommended ‘taking the workforce with you’, addressed within audit scope.
- Digital identity – user experience needs improvement, outside of scope of this audit but potential to consider in a future audit.
- Outputs must remain relevant and keep up with pace of change, which may require shorter timescales

Following consideration, the Commission:

- **noted** the contents of the report
- **approved** the arrangements for emerging messages set out within the report

### **13. Year five Best Value theme: Data and information management – proposed scope**

Helena Gray presented the proposed focus for the year five Best Value (BV) theme for the Accounts Commission’s consideration and agreement

During discussion, a number of items were raised:

- Skillset – audit work will review data literacy and skills to determine whether councils have sufficient skills to design and manage data usage.
- AI – audit work will explore whether councils have the systems and the means in place to take advantage of tools such as AI as it evolves, rather than specifically at how AI is used.
- Data strategy – barriers to data sharing at an individual level may emerge as part of the scope, although wider sector level analysis may not be possible.
- No specific crossover with Improvement Service’s work on their digital platform, however regular conversations are taking place.

Following discussion, the Commission **agreed** to the proposed thematic focus as set out in the paper.

### **14. Quality of Public Audit in Scotland – draft annual report 2026**

Jonny Steen, Director of Audit Quality and Appointments (AQA), and Jennifer Doolan, Manager, AQA, presented the draft Quality of public audit in Scotland (QPAS) annual report 2026. Jonny highlighted an overall positive picture, with improvement noted in quality ratings, along with positive stakeholder feedback.

During discussion, a number of items were raised:

- Definition of “audits not progressing” – clarification that audit delivery which does not improve by at least one month per year is considered to be “not progressing”
- Target achievability – four councils are at risk of not completing by the end of the audit cycle and this will be closely monitored and reported on
- Reasons for delays – resource capacity of audited bodies and the systems in place are recurring themes
- Performance audits – impact monitoring work will capture whether these have been effective in achieving intended outcomes.

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

## 15. Future Public Audit Model – Code of Audit Practice

The Commission considered a paper by Paul O’Brien Director of Quality and Support, which provided a summary of the results of the consultation on the Code of Audit Practice (the Code) along with a revised draft of the Code.

The Commission was content with Audit Scotland’s recommendation that a separate *conclusion* on financial sustainability and financial management (in addition to conclusions on Best Value arrangements overall) is not required but rather *commentary* on these two issues be provided by auditors (regarded as important to the sector).

The Commission also requested that explicit reference to the Local Government Benchmarking Framework and peer review should be added to the Code, given the sector’s commitment around these two areas and the importance that the Commission places on them within its Statutory Performance Information (SPI) Direction.

After consideration and discussion of the proposed changes, the Commission wished to note its appreciation of the way in which it had been engaged through the process. It then:

- **noted** the results of the consultation
- **approved** the Code for publication subject to the additions outlined above.

## 16. Chief Operating Officer’s update

Vicki Bibby, Chief Operating Officer (COO), delivered a verbal update to the Commission on the following:

- Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority Scotland Accounts Advisory Committee (LASAAC) – effectiveness review underway. Vicki has requested

that the Commission and CoA are given the opportunity to take part. The Controller of Audit and Director will draft a response to the CIPFA/LASAAC effectiveness survey.

**Action: Controller of Audit and Director**

- Local Audit Office – overseen in England by UK Government’s Ministry of Housing, Communities and Local Government (MHCLG), a new financial steering group has been established on which CIPFA sits. Audit Scotland’s Executive Director of Audit Services Group will also sit on this group. The COO will share information on this group with members via correspondence.

**Action: Chief Operating Officer**

- Possible changes to pension reporting happening, more details will follow when available
- Future Public of Audit Model phase 3 – actively looking to encourage firms to bid but ensuring they are clear on wider scope and Best Value reporting requirements. Invitations to tender planned for end of August. A further phase of Future Public Audit Model will be established to ensure effective implementation of the new Code, given changes proposed
- Workforce planning underway in Audit Scotland – considering technology’s role in remaining an impactful, innovative, value for money organisation
- Scottish Commission for Public Audit (SCPA) – will continue to oversee Audit Scotland’s budget (which includes the Commission’s budget). A focus will be on building a good relationship with the SCPA and the Clerk in the new session.

The Commission **noted** the update.

**17. Any other private business**

The Chair raised the following item:

- Recruitment process – Chair and Director are working with Scottish Government’s Public Appointments Team to produce a timetable for recruitment. An independent panel member has been agreed, with recruitment expected to begin in July. The aim is to recruit at least two new members in time for the January 2027 Accounts Commission meeting.

**Close of business**

Accounts Commission Action Tracker  
As at: 10 June 2026

Action No.	Date	Action	Action for	Assigned to	Timescale	Progress	Status	Date complete
26/016	14-May-26	<b>Local Audit Office</b> The Chief Operating Officer will share information on the new financial steering group with members via correspondence.	Chief Operating Officer	Vicki Bibby	May-26	Sent to members in the 22 May 2026 roundup email.	Complete	22/05/2026
26/015	14-May-26	<b>CIPFA/LASAAC effectiveness survey</b> The Controller of Audit and Director will draft a response to the CIPFA/LASAAC effectiveness survey.	Controller of Audit and Director	Helena Gray and Sarah Watters	Jun-26	Scope of survey was internal only. But the consultation on the 26/27 LG Accounting Code will include a question on CIPFA/LASAAC effectiveness. Advice will be provided to the Commission on a response when that consultation launches.	In progress	
26/014	14-May-26	<b>Commission expectations</b> A checklist format for elected members was proposed, and the audit team will work with Communications to develop this as a supplementary output.	Performance Audit and Best Value	Alison Cumming	Jun-26	Elected member checklist to support LG Budget Bulletin agreed with relevant sponsors and will be published alongside bulletin on 11 June 2026.	Complete	11/06/2026
26/013	14-May-26	<b>Positioning of audit and scrutiny</b> The Director will add a broader discussion on the positioning of audit and scrutiny to the agenda for September's strategy seminar	Director for the Commission	Sarah Watters	Sep-26	To be added to the September strategy seminar agenda	In progress	

# Section 102 report: Clackmannanshire Council

Item 5

Meeting date:  
18 June 2026

Director for the Accounts Commission

## Purpose

1. This paper introduces the Controller of Audit's report on the 2023/24 audit of Clackmannanshire Council and continued delays. The paper outlines the process to be followed, including publication arrangements.

## Recommendations

2. The 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 2023/24 Annual Audit Report (AAR) for Clackmannanshire Council was considered by full council on 23 April 2026. The report and details of that meeting are [publicly available here](#). The appointed auditor issued an unmodified opinion on the accounts, meaning that the financial statements are free from material misstatement.

4. Clackmannanshire Council's audited accounts have not been approved by the statutory deadline since 2018/19. While there was slippage in audit timelines across the public sector during and after the Covid-19 pandemic, Clackmannanshire is one of two councils where delays have been increasing. This section 102 report sets out the factors contributing to these delays and the resulting impacts and risks.

5. The Controller of Audit (CoA) has used the reporting powers available to her to bring these matters to the attention of the Accounts Commission and the public.

## The Controller of Audit report

6. The CoA's report is made under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).

**7.** The legislation enables the CoA 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.

**8.** A copy of the report was sent to Clackmannanshire Council's Chief Executive on Tuesday 09 June (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 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

**9.** The Commission will note that this report is made under the same legislation as reports on Best Value.

**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 report.

**11.** Using one of the options set out in its [Response Framework](#), the Commission has also invited the Council Leader and Chief Executive to a private discussion on the report. The Director will share a summary of what was discussed in private with the council for factual accuracy checking and then publish this summary along with the meeting minute.

**12.** 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.

**13.** 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.

**14.** 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 Commission – before making its decision public.

**15.** 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.

**16.** The Commission asks the council for a meeting, preferably in the period between the Commission publishing its report and the 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**

**17.** The report is due to be published on 02 July 2026. It is planned that Jo Armstrong will be available for media interviews on this report.

**18.** Once the Commission has decided how it will respond to the report, the Communications team will consider and advise on the most appropriate means by which to promote the report, including to key local government stakeholders.

## **Conclusion**

**19.** The Commission is invited to consider the recommendations set out at [paragraph 2](#) of this report.

The 2023/24 audit of

# Clackmannanshire Council

Continued late reporting of audited accounts



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit  
July 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](http://www.audit.scot/accessibility).

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# The 2023/24 audit of Clackmannanshire Council

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## Introduction

1. The Code of Audit Practice requires auditors to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. For local authorities, auditors address the AAR to elected members and the Controller of Audit.
2. I received the AAR and the audited annual accounts for Clackmannanshire Council for 2023/24 in April 2026. In the AAR, the auditor, has issued an unqualified opinion on the annual accounts but has identified significant matters in relation to the late reporting of the annual accounts.
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 these matters to the Accounts Commission's attention.

## Background

### Requirements

4. The statutory requirements for the reporting of unaudited and audited accounts for Scottish councils are set out in the [Local Government \(Scotland\) Act 1973](#) and [Local Authority Accounts \(Scotland\) Regulations 2014](#).
5. Councils must prepare annual accounts for each financial year ending 31 March, in line with proper accounting practices. The proper officer (section 95 officer / Chief Financial Officer) must ensure the unaudited (draft) annual accounts are submitted for audit no later than 30 June following the year-end.
6. Councils must give public notice of the availability of the unaudited accounts and members of the public have the right to inspect the unaudited accounts and supporting documents and to lodge objections with the auditor.
7. Once the audit is complete, the audited accounts must be signed by the proper officer and the auditor's report issued. Councils have a statutory duty to aim to approve their accounts by 30 September following the year-

end. Councils must publish the audited annual accounts, including the auditor's report no later than 31 October following the financial year-end.

**8.** In response to the Covid pandemic, the Scottish Government introduced the Coronavirus (Scotland) Act 2020. This relaxed the deadlines for issuing unaudited and audited accounts across public bodies, including councils, for 2020/21. Flexibility and later reporting targets continued into 2021/22, with the requirements reverting to the pre-Covid dates in 2022/23.

**9.** Across the public sector, some slippage continued in 2022/23 and 2023/24 with many bodies not meeting the deadline due to backlogs. However, for most bodies good progress has been made, with improvements being reported in the timeliness of finalising the accounts. For two councils, including Clackmannanshire, however, delays have been increasing, with timescales for the 2023/24 audit slipping further between the required and actual dates of finalising the audits. I plan to report on the position of the other council later in 2026.

### **The 2020/21 to 2022/23 reporting timelines**

**10.** The council signed its audited accounts for 2017/18 and 2018/19 before the target date of 30 September.

**11.** In 2019/20 and 2020/21, the council missed the revised target submission deadline of 30 November by more than two months in both years. For 2021/22, the Scottish Government brought forward the target submission date to 31 October to support a return to pre-pandemic timescales; however, 22 councils did not achieve this. Clackmannanshire Council did not sign off its accounts until almost five months after the required date.

**12.** In 2022/23, the statutory date of 30 September was reinstated. Twenty-six of the 32 councils did not meet this date and five of these were more than nine months late. In 2023/24 21 councils did not sign off the accounts by the required date, but only two, including Clackmannanshire Council were over nine months late. Clackmannanshire Council was 11 months late in signing its accounts for 2022/23 and 19 months late for 2023/24. Exhibit 1 sets out the timeline of reporting at Clackmannanshire Council since 2020/21 against national targets.

### **The 2023/24 annual audit**

**13.** In the 2023/24 annual audit report, the auditor for Clackmannanshire Council raised that unaudited accounts have not been presented to the council on time for five years.

**14.** The unaudited accounts for year ending 31 March 2024 were presented for audit on 30 January 2025, seven months after the 30 June 2024 statutory deadline. The original timeline to complete the 2023/24 audit agreed between the council and the auditor was 30 January 2025, but the audit was not completed until April 2026. The auditor's report was

issued, and the audited annual accounts were published by the council on 24 April 2026.

## Exhibit 1

### Timeline of reporting accounts at Clackmannanshire Council from 2020/21

The council has not managed to meet statutory targets for submission of unaudited accounts or approval of audited accounts since the Covid pandemic

Financial year	Statutory target for submission of unaudited accounts	Actual	Months late	Statutory target for audited accounts approved	Actual	Months late
<b>2020/21*</b>	30 June 2021	31 August 2021	2	30 November 2021	3 February 2022	2
<b>2021/22**</b>	30 June 2022	5 September 2022	2	31 October 2022	23 March 2023	5
<b>2022/23</b>	30 June 2023	1 September 2023	2	30 September 2023	29 August 2024	11
<b>2023/24</b>	30 June 2024	30 January 2025	7	30 September 2024	24 April 2026	19
<b>2024/25</b>	30 June 2025	-	-	30 September 2025	-	-
<b>2025/26</b>	30 June 2026	-	-	30 September 2026	-	-

\*2020/21 – The Coronavirus (Scotland) Act 2020 gave provision for councils to agree an extension of up to two months for submission of their unaudited accounts.

\*\*2021/22 – Nationally delays were worse than 2020/21 for many councils. Clackmannanshire Council met a locally agreed timescale of 31 August 2022 for submitting unaudited accounts, but these were incomplete.

Source: Audit Scotland, [2020/21 annual audit report](#), [2021/22 annual audit report](#) Deloitte LLP, [2022/23 annual audit report](#), 2023/24 annual audit report

## Impact on delivery of the audit

**15.** The auditor's AAR identifies a number of factors that have affected the conduct and timely completion of the audit.

## Impact of the Covid pandemic

**16.** In the 2023/24 annual audit report, the auditor notes that unaudited accounts have not been presented on time for five years. The initial cause of these delays was the Covid-19 pandemic, during which the council prioritised the delivery of vital services to its communities.

**17.** The Scottish Government extended statutory deadlines to produce accounts for all councils in recognition of the unprecedented pressures associated with the pandemic. The council repeatedly missed the extended deadlines, and the auditor also observes in the 2023/24 annual audit report that delays arising in 2020/21 and 2021/22 have had a "knock-on impact in subsequent years".

## Access to finance team

### Persistent audit findings

**18.** Auditors have consistently highlighted concerns about the council's finance team capacity over a number of years. These concerns related to management changes affecting capacity, followed by the impact of Covid-19, when the team was stretched responding to pandemic priorities. Recent audit reports have also pointed to persistent workload pressures, vacancies and recruitment difficulties, including reliance on individual staff members to cover significant areas of work. In the latest AAR, auditors note that these concerns were compounded by long-term absences and other competing pressures, with the team also having to manage key strategic and budget responsibilities alongside the annual accounts and audit process.

**19.** [Scotland's Local Government Workforce Report, 2024](#), produced by SOLACE, the Improvement Service and the Society of Personnel and Development Scotland, comments on the challenges of recruitment and retention across professional roles, including financial professionals. Recruitment and retention of qualified accountants is difficult across the Scottish local government and wider public sector, with organisations competing for a limited pool of candidates. Pay scales are typically below private sector and consultancy salaries, the work is demanding, and there are high scrutiny and levels of accountability to the public.

**20.** The council acknowledges its ongoing capacity challenges with high absence levels, high staff turnover and difficulties recruiting permanent qualified accountants. It has taken steps to address long-term absences through its attendance procedures, and it has continued to try to address vacancies through use of temporary agency staff and specialist agencies.

**21.** The council reports that between 2021/22 and 2025/26 it advertised 17 times and readvertised three times for staff for its finance team. This resulted in nine posts being filled and eight unfilled. At the time of drafting this report, of the finance teams 25.5 FTE establishment, three posts are vacant, the chief accountant, a management accountant and a senior accountancy assistant post. The chief accountant role is being covered by a temporary contractor..

**22.** The council began a review of the structure of the management of the finance team in 2023, and reports that it is exploring other ways to help address the capacity challenge. This includes:

- collaboration with other councils - the council is currently working with Falkirk and Stirling councils on a 'Transformation through Collaboration' programme which is focused on developing options to understand 'how services could work more collaboratively and effectively together in the future'. This includes consideration of aspects of the finance service.
- potential introduction of market supplements for key posts which may assist for difficult to fill roles.
- use of AI to improve processes and generate efficiencies

### **Quality and accuracy of management accounting papers**

**23.** The auditor has highlighted instances where the quality and accuracy of the supporting evidence provided by the finance team did not meet the standards required, which resulted in follow up requests. The auditor set out in the 2023/24 audit issues related to:

- a high volume of comments on the accounts during the initial review of the draft annual report and accounts, including several disclosure misstatements and instances of missing information
- the requirement for a prior period restatement (related to correcting and restating pay band information which was previously presented based on remuneration subject to National Insurance rather than gross pay in error)
- instances where the quality and accuracy of the management accounting papers did not meet the standard required as supporting evidence
- control findings in relation to management's review of key accounting judgements.

### **Availability of the audit team**

**24.** Achieving timely audit completion is a shared responsibility between auditors and audited bodies, supported by effective collaboration. Delays in providing the unaudited accounts and supporting audit material have

made it challenging for the audit team to complete its work in line with agreed plans and to support the council in improving the timeliness of financial reporting. Audit teams operate tightly scheduled programmes in order to deliver planned audit work across the range of bodies to which the auditor is appointed. When the audit timeline is rescheduled on a regular basis it is more difficult for auditors to provide continuity in staffing and availability at certain times which combine to create a lack of efficiency in the audit process.

**25.** Over the course of the current audit appointment, there have been three different appointment leads, along with other changes in the team. Such turnover can impact on the audit process. New auditors need to build knowledge and understanding of systems and prior issues that typically develop over time.

**26.** The current auditor acknowledges that turnover within the audit team during the 2023/24 audit has resulted in an increased number of requests for information being made to the council's finance team. This added to the pressures already facing the finance team and further contributed to the delays.

**27.** In early May 2026, the auditor held a de-brief with senior members of the audit team and council finance team to 'identify lessons learned and improve this for future years.' Follow-up sessions focused on specific topics are planned from June 2026, to align with stages of the audit.

## Impact and risks

### Scrutiny and decision making

**28.** The audit process and the annual audit report is intended to enhance officers' and elected members' understanding of the organisation's current financial and governance position. In the 2023/24 annual audit report, the auditor states that the audit team's aim is 'to add value to the council by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the council promote improved standards of governance, better management and decision making, and more effective use of resources.' However, the value of this work is diminished when reporting is so substantially delayed.

**29.** With annual accounting information and audit reporting out of date, there is a significant risk to the quality and effectiveness of scrutiny undertaken by the council, as well as to the quality of decision making by officers and elected members.

**30.** A key area of concern is the lack of timely audited accounts at the time of budget setting. The council set its 2026/27 budget in February 2026, with the most recent available set of audited accounts being from 2022/23 rather than 2024/25, which would have been the case had statutory deadlines been met. Those charged with governance must be confident

that they have timely and accurate information on which to base their decisions. This risk is particularly acute given the financial challenges currently facing the local government sector.

### **The 2024/25 and 2025/26 audits**

**31.** The 2025/26 audit should be commencing shortly. Unaudited accounts are due to be issued by the end of June 2026, with the audit concluded by the end of September. However, as the 2023/24 audit was not reported until April 2026 and the unaudited accounts for 2024/25 have yet to be submitted, a significant backlog in the preparation of annual accounts and completion of audits remains. The council anticipates issuing the unaudited accounts for 2024/25 late 2026 or early in 2027. The council and auditor have not yet agreed a timetable for the 2024/25 and 2025/26 audits.

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# Conclusions

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**32.** In 2020/21 and 2021/22, following the Covid pandemic, many councils had difficulty meeting the statutory deadlines for reporting their audited accounts. Almost all have since shown improvement in the timeliness of finalising the accounts, however Clackmannanshire is one of two councils where delays are increasing.

**33.** The continued pattern of late submission of unaudited accounts and approval of the audited accounts at Clackmannanshire Council needs to be addressed urgently by the council with support from its auditors and the wider local government sector. There is a significant risk to the council's financial governance, its ability to meet statutory obligations, transparency and the reliability of its financial information in supporting informed decision-making and budget setting. Robust and timely information to inform decision making has never been more important with Scottish councils facing unprecedented risks to financial sustainability.

**34.** It is evident that the council has made efforts to address the capacity of its finance team, but this has been challenging given difficult market conditions for recruiting finance professionals. The steps the council has taken have not yet had an impact on the council's ability to approve and publish its accounts within six months of the year end. It is welcome that the council and audit team are working together to identify lessons to learn and improvements for future years. The auditor and council now need to agree a timeline for the 2024/25 and 2025/26 accounts and annual audit.

**35.** I have also asked the appointed auditor to provide an update in their AAR on the 2024/25 accounts on the issues raised in this report and I will continue to monitor the audit with a view to further public reporting in the future if appropriate.

# The 2023/24 audit of Clackmannanshire Council

Continued late reporting of audited accounts



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# Local government policy update

Item 6

Meeting date:  
18 June 2026

Policy Manager for the Commission

## 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:

- [Delivering for the future – Transformation](#) (21 May)
  - *Coverage*: Strong interest (including interviews) from specialist media and some local radio. No mainstream media coverage – at least partly due to a busy news period.
  - *Engagement*: 1,000 downloads in first 11 days. Social: 2,900 views, 2,350 video views, 275 engagements, 185 link clicks. Figures may be lower following limited activity in pre-election period. Numerous shares on LinkedIn including by councils.
- [Best Value: Angus Council](#) (4 June)
  - *Coverage*: Limited media coverage – interview for STV News; specialist online news media.
  - *Engagement*: Figures not available at time of writing this report. Update to be shared via email in due course.
- [Local government budgets 2026/27](#) (11 June)
  - 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. The [Integration Joint Boards finance bulletin 2024/25](#) and the [Flooding in communities report](#) were cited in the Scottish Parliament Information Centre's (SPICe's) [Key Issues for Session 7](#) briefing for new MSPs (on pages 34, 37 and 99). The briefing covers a wide range of devolved policy areas and is intended as a reference tool and example of SPICe research.

5. Recent media stories relating to the Commission include the following:

- The Commission was referenced in an [article on pay rises for council Chief Executives](#). The article noted Commission reporting on budget shortfalls resulting from mounting pressures from inflation, rising costs and demand surpassing additional funding.
- Local media in Shetland reported in detail on the council's consideration of its Best Value report. The [Shetland News](#) and [Shetland Times](#) both described how the discussion covered issues around funding, reserves, reform and whether the new Public Finance Minister being from the islands could help the council (though she later clarified her MSP and Ministerial roles).
- The IJB financial bulletin was also highlighted by Argyll and Bute Council's lead member for care services, in a meeting before the election, as [he vowed to lobby the new health minister](#) "from day one" about the particular challenges faced in rural areas.
- The section 102 report on the cyber-attack at Comhairle nan Eilean Siar was referenced as the catalyst for [Dumfries and Galloway Council strengthening its cyber security arrangements](#). The council has shifted to cloud-hosted systems, invested in backups and recovery arrangements, and updated its training for staff.
- [Local news media in Ayrshire](#) reported on the examples from East Ayrshire and the pan-Ayrshire shared services discussions that featured in the supplement to the Transformation thematic report.

## Scottish Government and Parliament updates

6. The SNP won the most seats in the Scottish election, but does not have an overall majority and has formed another minority government. Two weeks after the election, First Minister John Swinney unveiled the new [Scottish Cabinet and Ministers](#). The Cabinet is reduced in size from 13 to nine. Full remits were yet to be confirmed at the time of writing.

- The former Education Secretary Jenny Gilruth is the Deputy First Minister and Cabinet Secretary for Finance and Local Government, succeeding Kate Forbes and Shona Robison.

- Ivan McKee was appointed to the new role of Cabinet Secretary for Public Service Reform – for which he previously had responsibility as Public Finance Minister.
- Mr McKee’s former role is now held by newly-elected Shetland MSP Hannah Mary Goodlad, who reports to Ms Gilruth and Mr McKee.

**7.** In one of her first interviews in her new role, Ms Gilruth said [there will "undoubtedly" need to be cuts](#) to deal with a predicted shortfall of nearly £5 billion by the end of the decade. She said the government will work "to protect services and protect frontline workers" while looking at public sector reform and "driving some of the efficiencies we need to see". A public service reform bill or plan is expected in the next few months.

**8.** Two independent analyses reiterated the financial challenges facing the new Scottish Government:

- The Fraser of Allander Institute (FAI) warned before the election that [the new government would need to make "really difficult" spending decisions](#) soon after the election, including tackling public sector pay growth. It said Scottish public spending has grown in real terms by 3.9 per cent a year since 2019 compared to income growth of 3.6 per cent a year and much faster than the UK Government’s spending.
- The Institute for Fiscal Studies (IFS) more recently set out the "fiscal reckoning" facing the Scottish Government, with funding likely to fall from next year, which may mean spending cuts or tax rises are needed to deliver on manifesto pledges.

**9.** The Scottish Parliament has agreed the [names, sizes and remits of its committees for the new session](#) and (for the first time) elected conveners. The 16 committees include a new Social Justice, Housing and Local Government Committee. At time of writing, Craig Hoy (Conservative) had been nominated as Convener, subject to election; other members to follow.

## Local government finance issues

**10.** The [City of Edinburgh Council settled its £200 million damages claim](#) against law firm DLA Piper that advised it over the first tram project. The council claimed the firm failed to give adequate warnings that costs would escalate. The terms of the agreement are not public. The council says it has made changes to project management, governance and independent oversight in response to an inquiry that concluded in 2023 that failings by the council and its arms-length companies were to blame for delays.

**11.** City of London investment chiefs say [Aberdeen City Council has "misunderstood" a failed deal](#) and has little chance of clawing back tens of millions lost from the North East Scotland Pension Fund (NESPF). The council is suing Federated Hermes over funds it managed on behalf of NESPF, saying it failed in its due diligence. Hermes has defended its

approach, blames losses on extreme global events, and says the terms of the deal limit the circumstances in which it is obliged to pay losses back.

**12.** Argyll and Bute Council officials are forecasting a [budget gap of more than £10 million in the 2027/28 financial year](#) – after projected measures have been put in place. A report to councillors sets out projected six per cent increases in fees and charges, a five per cent council tax rise, and previously agreed savings. The report also warns “political decisions” will need to be made on how much funding the council can make available to the area’s health and social care partnership and leisure trust.

**13.** Dundee City Council has [reported on early engagement and modelling](#) it has carried out regarding a possible visitor levy. The report says a tourist tax could generate more than £20 million in revenue over ten years. There was a “cautious” response from stakeholders to the plans, with opinion divided between the sector and the general public as to whether to adopt a flat-rate or percentage-based charge. The council will now carry out a formal 12-week consultation seeking feedback on the two options.

## Policy area updates

### Education, children and young people

**14.** Scottish Borders Council has decided to [prioritise a new replacement primary school in Eyemouth](#) over a shared campus – if it can get the financial support needed from the Scottish Government. The council had proposed to move the primary onto the same site as the town’s high school, but “reconsidered its approach” after an “overwhelming majority” of consultation responses opposed it. However, the council says that could still be an option if funding for a separate new school is not secured.

**15.** New Education Secretary Mairi McAllan has [urged schools to act before it introduces new legislation](#) to restrict phone use in classrooms. The Scottish Government will soon launch a consultation on phone-free classrooms, and publish new national guidance on tackling the “spectrum of harm” linked to mobile phone use, but schools have been encouraged to bring in their own restrictions for the next academic year.

### Health and social care

**16.** East Renfrewshire Council [has ‘paused’ plans to cut a long-standing support service](#) for families of children with complex additional needs. The council says the Local Area Co-ordination (LAC) programme, provided by the charity Enable, no longer provides the support it was intended to and that it will reinvest the funding to better meet people’s needs. However, research has previously found that LAC achieves many positive outcomes. Some parents have expressed dissatisfaction with how the council carried out its review and engaged with those who use the service.

### Housing and homelessness

**17.** Glasgow City Council has [unveiled a new ten-year plan to guide the city’s regeneration and development](#) and help tackle the housing crisis.

The City Development Plan 2 includes proposals to open up land for more than 30,000 houses in 36 ‘areas of change’ across the city. It also sets out plans for the creation of ‘economic development areas’ to deliver jobs and growth, and the regeneration of the city centre and other local hubs.

**18.** Meanwhile, analysis accompanying [a new ten-year temporary accommodation strategy](#) suggests Glasgow will continue to breach the law by failing to provide shelter for homeless people for another seven years – despite spending £4.5 million a month on hotels and B&Bs. Homelessness applications in Glasgow have risen by 25 per cent in three years, and the analysis shows the shortage only gradually declining from 1,276 in the first year. The strategy also targets a 20 per cent reduction in demand, which has been described as “optimistic” and “unachievable”.

**19.** The Highland Council has launched [a new £1 million fund to help owners of long-term empty properties](#) carry out works necessary to bring them back into everyday use. To qualify for the grants of up to £30,000, properties must have been empty for at least a year, and then be used as owner-occupied or mid-market rental homes for at least five years. The fund is part of a wider programme of action to tackle the ‘Highland Housing Challenge’, with almost 2,500 long-term empty properties in the area and 24,000 new homes needed by 2035 to meet housing demand.

### **Infrastructure, communities and climate change**

**20.** The [development and construction of an undersea tunnel](#) between mainland Shetland and the island of Yell would cost £402 million and take eight years to complete, according to estimates produced by consultants working on the project. The Yell tunnel is a test case for a number of fixed links being explored by Shetland Islands Council as an alternative to future upgrading and maintenance of inter-island ferries. Funding models include private investment, government grants and council borrowing. An outline business case will be presented to councillors on 30 June.

**21.** Scottish Borders Council has been consulting on proposals to create an [active travel pathway linking Selkirk and Hawick](#) via the new Center Parcs holiday village, at an estimated cost of £12 million. The council says the new route would be a priority if the community supports it, so that it can be completed in time for Center Parcs opening by 2029. However, this BBC News article suggests local opinion is split, with some suggesting it would be more economical to upgrade and maintain existing routes.

**22.** East Ayrshire Council is considering buying its own fleet of minibuses as part of [a new long-term strategic transport approach](#) covering school and community transport particularly in rural areas. The council is seeking to reduce spending on school transport for those with additional support needs while maintaining statutory services, amid rising transport costs. The next stage of the review includes working with Strathclyde Partnership for Transport and others to explore new models and improve links.

**23.** There have been a number of recent news stories relating to road maintenance, including:

- [BBC News reported](#) that 25 councils in Scotland paid out more than £2 million in pothole compensation between 2020/21 and 2024/25. Councils received more than 18,600 claims, of which 22 per cent were successful. Dumfries and Galloway Council received the most claims, while the Highland Council paid out the most money.
- Glasgow City Council has [awarded contracts for road resurfacing](#) worth up to £30 million in total. Extensive work will be undertaken in all 23 of the city's council wards over the next ten months, as part of a wider three-year, £119 million investment in the roads network.
- West Lothian councillors are to get [twice-yearly updates on road maintenance](#), including the numbers of potholes reported, roads closed, and the costs of repairs. The move follows increased investment of £1 million in roads as part of the council's budget.

**24.** A report to an Inverclyde Council committee has highlighted the [growing role of libraries as hubs for community services](#). The report cites examples of initiatives with third-sector partners to provide social, health and employability services and provide access to digital resources. The council's 2026-28 budget protected local library services that the council had initially suggested closing when it started its budget consultation.

## Other updates

**25.** The [chief executive of Orkney Islands Council](#) and the [chief executive and deputy chief executive of East Ayrshire Council](#) have all taken unplanned and unspecified periods of absence. In Orkney, Oliver Reid's role is being covered between four corporate directors for a month at a time, while temporary arrangements are in place at East Ayrshire until councillors discuss a longer term solution at a meeting on 25 June.

**26.** [South Lanarkshire Council elected Maureen Devlin as its new leader](#), after Joe Fagan stepped down as leader after being elected as an MSP. Meanwhile Glasgow City Council leader Susan Aitken announced she will step down from the role in September after nine years. Richard Bell – who is also COSLA Resources Spokesperson – has become leader of the SNP group and will be the party's candidate for council leader.

**27.** Of the 64 new MSPs, 24 were serving as councillors at the time of the election. Under new regulations regarding 'dual mandates', they can remain as councillors until the 2027 local government elections. To my knowledge at the time of writing, only City of Edinburgh SNP councillors Simita Kumar (who was also appointed as a Minister) and Kate Campbell have decided to step down, though many others have vacated additional roles such as council leader or council group leader. Members can [use a listing of MSPs](#) (covering before and after the election) while SPICe has produced [a series of fact sheets on MSPs and parliamentary business](#).

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

- Scottish Government, Parliament and the election (all from SPICe):
  - [SPICe Hub: the Session 7 Parliament](#) (*series of blogs explaining how the Parliament works at the start of a new session*)
  - Election results: [interactive blog](#) and [detailed briefing](#)
  - [Explainer: how devolution works](#) (*detailed briefing*)
  - [The new Scottish Government](#)
  - [Scottish Parliament Committees](#)
- Scottish local government:
  - Local Government Information Unit (LGIU): [What does the result of the Scottish Parliament election mean for local government?](#)
  - LGIU: [Holyrood election 2026 and the future of local government: common ground](#)
  - LGIU: [Holyrood reformed post 2026 election: part one](#)
  - COSLA: [COSLA calls for renewed partnership working following Scottish Parliament election](#)
  - Citizens Advice Scotland: [Let the reform of Council Tax debt collection begin](#)
- Poverty and inequality:
  - Joseph Rowntree Foundation: [The Child Poverty \(Scotland\) Act – time to go further?](#)
  - Improvement Service (IS): [Local authorities invest over £30 million in advice services in 2024-25](#)
  - FAI: [Tackling child poverty in Scotland: new horizons for analysis](#)
- Other service areas (from IS):
  - [Are eligible two-year-olds getting early learning they're entitled to](#)
  - [Improvement Service automates citizen notifications for planning](#)
- Local government in England:
  - IFS: [What do councils actually do? \(podcast\)](#)
  - LGIU: [King's Speech 2026: key takeaways for local government](#)

## Conclusion

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

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# Chair's update

**Item 7**Meeting date:  
18 June 2026Chair of the Accounts Commission

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## 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), Helena Gray (Controller of Audit) and Lee Ovens (Executive Assistant)
- 19 May – Performance and Best Value (PABV) vision and priorities work – with Sarah Watters and Alison Cumming (Executive Director of PABV)
- 20 May – social media training for Accounts Commission members
- 21 May – forthcoming Accounts Commission recruitment – Early Engagement Meeting with Scottish Government Public Appointments Team and recruitment panel
- 04 June – March Strategy Seminar follow up – financial and performance data discussion with Blyth Deans and Fiona Lees (both PABV), Sarah Watters and Helena Gray
- 11 June – prep meeting for the June Accounts Commission meeting, with Andrew Burns (Deputy Chair) and the Commission Support Team
- 17 June – forthcoming Accounts Commission recruitment – final planning meeting with Scottish Government Public Appointments Team and recruitment panel
- Annual appraisal meetings with Commission members

### Audit Scotland engagement

- Regular meetings with Stephen Boyle (Auditor General) and Vicki Bibby (Chief Operating Officer)
- 26 May – Audit Scotland Board meeting

- 09 June – Audit Scotland Board meeting
- 09 June – Audit Scotland Board teach-in / knowledge building opportunity with PABV
- 17 June – roundtable on 'digital leadership and collaboration in local government' performance audit (led by PABV)

### **External engagement**

- 19 May – bi-monthly catch up with Catriona MacKean (Deputy Director for Local Government, Scottish Government)
- 08 June – keynote address with the Auditor General at Orkney's 'Routemap to Reform' development session (online)
- 10 June – local government evening reception with MSPs, Scottish Parliament

### **Forthcoming activities**

- Regular meetings with Sarah Watters, Helena Gray and Lee Ovens
- Regular meetings with Alison Cumming, Vicki Bibby and Stephen Boyle
- 23 June – Place Directors and Community Planning Charter Launch event with Scottish Government and COSLA

### **Conclusion**

#### **2. The Commission is invited to:**

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

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# Best Value: Inverclyde Council

Item 8

Meeting date:  
18 June 2026

Director for the Accounts Commission

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## Purpose

1. This paper introduces the Controller of Audit's report on Best Value in Inverclyde 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 AAR and the Best Value thematic report for Inverclyde Council were presented to the council's Audit Committee on 29 October 2025.

## The Controller of Audit's report

**7.** The report on Best Value in Inverclyde 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 Inverclyde Council on 10 June 2026 (shortly after 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 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 09 July 2026, with the previous day being held for any media interviews. Either Jo Armstrong or Andrew Burns will front the media for this report, depending on availability.

**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

# Inverclyde Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit

June 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](http://www.audit.scot/accessibility).

# Key facts

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

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# Controller of Audit report

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

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

## Pace of continuous improvement

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

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

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

## Best Value Assurance Report (BVAR) follow up

**6.** In the council's last full BVAR in 2017, the Commission found that the council had a clear long-term vision, a culture of performance management, and effective leadership by elected members and senior

officers. The Commission also recognised the council's strong commitment to partnership working with other public bodies and local communities.

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

## **Vision, leadership and governance**

### **Vision and strategy**

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

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

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

### **Leadership and governance**

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

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

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

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

## **Citizen and community engagement**

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

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

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

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

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

## **Effectiveness of performance reporting**

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

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

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

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

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

## Reported performance

### Council performance reporting

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

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

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

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

## LGBF performance

**27.** An overview of movements on all LGBF indicators as of May 2026 is shown in Exhibit 1 alongside the averages for all Scottish councils. These show a good level of improvement in performance. Of the 102 LGBF indicators, 59 (58 per cent) have improved since the base year, four (4 per cent) have remained the same, and 39 (38 per cent) have worsened.

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

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

## Exhibit 1

### Inverclyde Council – LGBF indicator summary May 2026

Council movements are shown alongside Scotland averages in brackets.

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

Scotland average movements are shown in brackets.

Source: LGBF as of 11 May 2026

## Workforce planning

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

### Workforce strategy and plans

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

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

### Monitoring

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

### Flexible working

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

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

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

## Transformation

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

### Planning

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

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

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

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

### Programme management and delivery

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

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

**43.** Elected members have oversight of the Digital Modernisation and Delivering Differently programmes through updates to the Policy and Resources Committee. Other committees also receive updates on relevant

transformation activity through Committee Delivery and Improvement Plan reporting.

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

### **Partnership working**

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

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

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

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

### **Impacts**

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

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

**51.** The council uses timely equality impact assessments to identify and document how its plans will affect vulnerable and protected groups. These informed the development of both the Council Plan 2023/28 and the Partnership Plan 2023/33, as well as being carried out for annual budget saving proposals. Auditors have reported that the council's impact assessments include detailed analysis of impacts and a transparent approach, with assessments published on the council's website.

## Financial management and sustainability

**52.** The council has appropriate arrangements for financial management and sustainability but needs to identify further savings and/or income generation measures to bridge its funding gap.

### Exhibit 2

#### Inverclyde Council – key financial information

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

Note 1: The council's 2024/25 budget also included a £3.0 million capital reserves transfer.

Note 2: The Scottish Government announced a council tax freeze for 2024/25 in October 2023, funding the equivalent of a five per cent increase. The council did not accept the freeze and increased council tax by 8.2 per cent. The council subsequently accepted Scottish Government funding to refund residents for the increased cost in the form of a one-off rebate.

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

## Financial management

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

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

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

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

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

## Savings

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

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

## Reserves

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

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

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

### **Financial sustainability**

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

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

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

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

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# Appendix 1

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## 2022/23, 2023/24 and 2024/25 Annual Audit Reports

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

Each Annual Audit Report comprises:

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

<b>Insert AAR cover image</b>	<a href="#">2022/23 Annual Audit Report Inverclyde Council</a> December 2023	<b>Insert AAR cover image</b>	<a href="#">2023/24 Annual Audit Report Inverclyde Council</a> December 2024
<b>Insert AAR cover image</b>	<a href="#">2024/25 Annual Audit Report Inverclyde Council</a> December 2025		

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# Appendix 2

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## 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

# Inverclyde Council



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