ACCOUNTS COMMISSION

Agenda

Thursday 13 August 2026 10:00am

Audit Scotland office, 8 Nelson Mandela Place, Glasgow
and online via Microsoft Teams
534th meeting of the Accounts Commission

Public session

1.	**Apologies for absence**	Chair	10:00
2.	**Declaration of connections**		
3.	**Order of business** The Chair seeks approval of business including taking items 10 to 15 in private for the reasons set out on the agenda.		
4.	**Minutes and matters arising from previous meeting**	Director for the Commission	10:05
5.	**Best Value: Glasgow City Council**	Controller of Audit	10:10
6.	**Local government policy update**	Policy Manager	11:25
7.	**Chair's update**	Chair	11:35
	Break		*11:45*
8.	**Local Government Benchmarking Framework (LGBF) – key themes from 24/25 national overview report and supporting improvement - *with LGBF Board members***	Director for the Commission and Audit Director, Performance Audit and Best Value	12:00
9.	**Any other public business** The Chair will advise if there is any other public business to be considered by the Commission.	Chair	13:00
	Lunch		*13:00*

Members' forum (over lunch) with Theresa Shearer, Chief Executive of Enable — 13:20

Break — *14:20*

Private session

10.	**School workforce performance audit – proposed scope** [Item to be in private as it requires the Commission to consider the nature of forthcoming audit work.]	Audit Director, Performance Audit and Best Value	14:30
11.	**Best Value: Glasgow City Council** [Item to be in private as it requires the Commission to consider actions in response to a statutory report.]	Controller of Audit	14:50
12.	**Controller of Audit's update** [Item to be in private as it requires the Commission to consider confidential policy matters.]	Controller of Audit	15:15
13.	**Code of Audit Practice supplementary guidance – draft** [Item to be in private as it requires the Commission to consider confidential policy matters.]	Director of Quality and Support	15:30
14.	**Chief Operating Officer's update** [Item to be in private as it requires the Commission to consider confidential policy matters.]	Chief Operating Officer	15:45
15.	**Any other private business** The Chair will advise if there is any other private business to be considered by the Commission.	Chair	15:55

Close of meeting 16:00

Minutes

Thursday 18 June 2026 10:00am

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

Present:

Jo Armstrong (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie
Carol Evans
Jennifer Henderson
Angela Leitch
Christine Lester
Ruth MacLeod
Mike Neilson
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, Performance Audit and Best Value (PABV)
Stephen Craig – Partner, Deloitte *(Items 5 and 13)*
Rebbecca McConnachie – Senior Manager, Deloitte *(Items 5 and 13)*
Michael Wilkie – Public Sector Audit Partner, KPMG *(Items 8 and 12)*
Taimoor Alam – Audit Manager, KPMG *(Items 8 and 12)*
Leigh Johnston – Senior Manager, PABV *(Item 14)*
Christopher McClelland – Audit Manager, PABV *(Item 14)*
Mark MacPherson – Audit Director, PABV *(Item 15)*
Simon Ebbett – Head of Communications *(Items 16)*

1. Apologies for absence

There were no apologies received or required from members.

2. Declarations of connections

Derek Yule declared a connection to items 5, 10 and 13 as a resident of Clackmannanshire and having worked for the council around 25 years ago. Having taken advice from the Director and Ethics Partner, he did not consider the connection material and therefore would remain in the meeting and participate in the discussion of these items.

Carol Evans and Jennifer Henderson declared connections with items 5, 10 and 13 as both work for organisations which are audited by Deloitte, albeit by separate audit teams. Having taken advice from the Director and Ethics Partner, they had agreed that they would refrain from asking questions of the auditors (item 5) but would remain in the meeting throughout and would participate in the discussion at items 10 and 13.

Angela Leitch declared a connection with items 5, 10 and 13 in relation to her former role as Chief Executive of Clackmannanshire Council. Having sought advice from the Director and Ethics Partner she did not consider the connection material and therefore would remain in the meeting and participate in the discussion of these items.

3. Order of business

It was agreed that items 10 to 18 would be considered in private, for the reasons stated on the agenda. It was agreed that the order of the agenda would change, with item 13 being taken before item 11.

Jo acknowledged Andy Cowie's last Commission meeting, and thanked him for his hard work and contributions over his time as a member including as sponsor of several performance audits and working on two Codes of Audit Practice.

4. Minutes and matters arising from previous meetings

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

- CIPFA / LASAAC effectiveness survey – the Commission and Controller of Audit will have the opportunity to feed in via the Local Government Accounting Code consultation later this year
- Positioning of audit and scrutiny, in the context of Public Service Reform, has been added to the Commission's September Strategy Seminar agenda
- Local Government Benchmarking Framework (LGBF) representatives will attend August's Commission meeting, with members to be prompted to share their discussion points ahead of this. A paper from the Improvement Service with examples of councils using LGBF to drive improvement will be shared in advance.

5. Section 102 report: Clackmannanshire Council

The Commission considered a statutory Section 102 report by the Controller of Audit (CoA) on the 2023/24 audit of Clackmannanshire Council and continued delays.

The discussion explored the following themes:

- Governance, reporting and accountability
  - Elected members awareness – members were engaged when accounts were presented, but audit team not aware of any regular monitoring and scrutiny of audit delays, with no standing agenda item and limited requests for updates. Audit delays were not referenced in budget papers or discussions.
- Capacity and capability
  - 2024/25 annual accounts – detailed joint planning underway, draft accounts are expected post-summer, but no confirmed submission date; council and auditors meeting week commencing 22 June to discuss.
  - Best Value (BV) – council has made progress in implementing recommendations from the 2024 BV report; CoA satisfied the council has arrangements in place to secure BV despite audit delays.
  - Root causes – several inter-related factors but finance function capacity is a key concern, impacting on timeliness and quality of information. Section 95 (s95) officer has undertaken a full review to establish required resource, but recruitment and retention challenges persist.
  - Medium Term Financial Plan – assurance can be taken from established finance processes and monitoring, but recent planning is based on unaudited figures which limits robustness.
- External auditors
  - Audit team availability – slippage disrupted scheduling and planned activity, repeated timetable resets led to team changes which caused some duplication, slowing audit progress.
  - Escalation of delays – mainly within finance team through regular meetings with s95 officer. CoA escalated formally via the Commission's Response Framework, including engagement with council Chief Executive, and sought regular joint progress updates on behalf of the Commission.
- Future actions
  - Persistent delays – sector wide challenges acknowledged, but concern that Clackmannanshire has consistently had audits late over last five years, with no date agreed for 2024/25 audit yet.
  - Improvement actions – lessons learned exercises undertaken, staff time planned in advance, new approach to working and engaging, and auditors will work with the council to improve access to and understanding of systems and processes. CoA will continue to monitor the audit process.

- Capacity assurance – council expected to confirm resource and work with auditors to produce a realistic, achievable timetable
- Follow up and reporting – clear delivery milestones needed for both 2024/25 and 2025/26 audits, with regular updates and early warnings of risks flagged. CoA to work with auditors and the Commission to develop appropriate approach to monitoring

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, which provided an update on recent major publications relating to local government (LG).

The following points were raised during discussion:

- Mull campus – First Minister has said the Scottish Government will consider a different funding model that may give Argyll and Bute Council more flexibility.
- Aberdeen hydrogen project –background information on the project obtained from auditors, which will be shared with members.

Parliament and Government – committees formed and Cabinet Secretary and committee remits confirmed and aligned.

The Commission **noted** the report.

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:

- Orkney "Routemap to Reform" event – keynote speech with Auditor General for Scotland – exploring opportunities and challenges, and how audit can support reform and innovation, rather than be seen as a barrier.
- Local Government reception with MSPs – interesting event, with new MSPs expressing interest in the Commission's work.
- Roundtable on digital leadership and collaboration in local government (as part of the Commission's work programme)– useful session which highlighted the challenges faced by leadership and how the Commission can respond.
- Commission recruitment update – planning well underway, with member recruitment launching 13 July 2026, members encouraged to share with their networks.
- Aberdeenshire and Angus councils' Best Value report follow up visits:

- Angus - constructive conversation which included politicians from the administration and the opposition, Commission members found this a positive approach.
- Aberdeenshire - conversation constructive, followed by a meeting with Integration Joint Board (IJB) leadership which highlighted the work undertaken to significantly reduce its deficit – keen to follow up with some Commission members later this year. The council's place-based approach was also highlighted.

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

8. Best Value: Inverclyde Council

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

- Finances
  - Savings delivery – strong track record of delivery, success aided by detailed short-term plans and continuous monitoring with clear, deliverable measures.
  - Reserves – sustainable strategy, reviewed every 3 years, council recognises the need to reduce reliance on reserves to balance budgets, and use of reserves has reduced in recent years.
  - Capital – programme mainly financed by grants but relatively high finance costs as a proportion of the budget, which are incorporated in medium-term financial planning. Strong programme delivery, slippage is monitored and spend reprioritised where needed.
  - Council tax rebate – limited impact on financial projections, some bands are now above national average.
- Transformation
  - Programme management – transformation delivered through business-as-usual approach, not a dedicated team. Strong oversight through directorate-level and corporate-level boards. Transformation-related risks captured on corporate risk register.
  - Future savings – 10-year medium term financial strategy, 2-year budgets and detailed plans, and 3-year look-ahead. Council accepted recommendation to align savings plans with medium-term financial strategy, due by December 2026.
- Shared services
  - West Dunbartonshire partnership – independent evaluation recognised genuine effort but significant barriers. Not all intended partners joined, capacity was stretched. Partnership offered poor value for money and risk to resilience. Some shared services retained, including internal audit.
- Performance
  - Factors affecting performance – auditors had not identified particular areas of concern.

  - Wider outcomes – LGBF indicators data for 2025/26 available later this year, economic factors point to a complex picture for the council. Working well with community partners and organisations to deliver services locally to address inequalities.
  - Community engagement – proactive engagement and co-design, thematics have included case studies of good practice, such as their work on child poverty.
- Governance and strategy
  - Policy review – over 70 policies now reviewed and a planned review cycle is now in place; council's track record of delivery gives assurance that deadlines for remaining reviews will be met.
  - Digital strategy – council broadly on track with timescales set out in its digital modernisation plan, digital maturity assessment completed, results will be evidenced in future audits.
  - Senior management – no evidence of impact on performance or statutory duties but relevant annual audit work ongoing.
  - Hybrid working – no assessment as yet of impact on service delivery other than staff evaluation, LGBF figures may help build a bigger picture but causation may be unclear.

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

9. Any other public business

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

10. Section 102 report: Clackmannanshire Council *with Clackmannanshire Council representatives*

A discussion was held between Accounts Commission members and representatives of Clackmannanshire Council. A separate summary of the discussion has been produced and agreed with the council (to be published alongside this minute).

11. Controller of Audit's update *(including audit delivery update)*

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

During discussion, the following points were raised:

- 2023/24 audits – one council is expected to sign off later this week
- Audit delivery updates – reports will be delivered in September, November and January, with ad hoc updates as required. Director for the Commission to update the Commission's agenda planner accordingly

Action: Director for the Commission

- Bill Butler has been announced as the preferred candidate for chair of the new Local Audit Office in England

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

12. Best Value: Inverclyde Council

The Commission considered its response to the Controller of Audit's report on Best Value in Inverclyde 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 report, which will be published on 09 July.

13. Section 102 report: Clackmannanshire Council

The Commission considered its response to the Controller of Audit's section 102 report on the 2023/24 audit and continued delays in Clackmannanshire 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 report, to be published on 01 July.

14. Sustainability of adult social care performance audit – proposed scope

The Commission considered a report by Alison Cumming, Executive Director of Performance Audit and Best Value (PABV) which proposed the scope for a performance audit on the sustainability of adult social care.

Several points were raised during discussion, including:

- Publication timelines – report to be published after the local government elections to maximise impact with new council administrations. Members discussed ways to ensure messages are relevant and timely
- Stakeholder feedback – inclusion of views from all relevant stakeholders with lived experience, including third sector organisations, is key to deliver a balanced representation
- Scope of services – specify which services are included in the audit, scope must be manageable and relevant
- 'Reform' – clarity on use of the term in relation to social care service cuts and changes, direct language may be beneficial
- Eligibility criteria – variance across the country, noting lack of consistent national data to allow for meaningful comparison

- Strategic alignment – relevance of work in relation to other areas of Commission focus, such as prevention or public service reform
- Lessons learned – potential to include 'lessons learned' from Best Value follow-up meeting with Aberdeenshire

Members discussed the approach to considering scopes of performance audits in future. It was agreed that cover papers should provide more detail on strategic positioning of the proposed audit, with full scoping documentation to be reviewed and agreed by sponsors ahead of the scope coming to the Commission and made available to other members for information only.

Following discussion and consideration, the Commission:

- **Noted** the content of the report
- **Approved** the scope of the performance audit on the sustainability of adult social care
- **Approved** the arrangements for emerging messages as set out in paragraph 12

15. Performance Audit and Best Value Work Programme update

Mark MacPherson, Audit Director, PABV, presented an update on specific issues relating to the Accounts Commission's performance audit work programme.

The Commission:

- **Noted** the content of the report
- **Agreed** that PABV proceed with scoping an audit on roads maintenance, for publication in 2027/28
- **Agreed** the overall process for agreeing performance audits to include in its future work programme

16. Accounts Commission annual review 2025/26 – draft output

The Commission considered an overview of the process in relation to the preparation of the Commission's Annual Review for 2025/26, presented by Sarah Watters, Director for the Commission and Simon Ebbett, Head of Communications.

Several points were raised during discussion, including:

- Members commended the draft document highlighting examples of impact and sharing of good practice, along with its tone and accessibility
- Additional information to be added in 'Our Reporting' section to explain the challenges and additional work involved with annual audit work, and clarity on the Commission's commitment to efficiency and opportunities related to this

- Suggestion to amend the titles of 'Our impact' section and 'Making a difference' sub-section to differentiate both
- 'Our impact' section may be more relevant at the front of the report, but consideration needed as to the most logical order of sections; potential to highlight impact in the webpage version
- Impact of AI on website visits – web searches and downloads are dropping, we need to find ways to become a priority source for AI searches instead

After discussion, the Commission:

- **Noted** that further work will be carried out to develop the online structure and tools before publication
- **Agreed** that approval is delegated to the Communications Working Group (which includes two Commission members) and the Chair prior to publication in August.

17. Chief Operating Officer's update

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

- Parliamentary induction – positive engagement with new MSPs, shared brochure and examples of reports. Committees and members now set, unknown who will chair Scottish Commission for Public Audit as yet. Director for the Commission to share the brochure for MSPs with Commission members.

Action: Director for the Commission

- Code of Audit Practice is now published and audit procurement process for 2027/28 onwards making good progress and set to publish Invitation to Tender by end August
- Audit Scotland's audit modernisation programme –in progress, contracts are due to be signed soon
- The Auditor General for Scotland (AGS), COO and colleagues recently met with the National Audit Office (NAO) to discuss ensuring the impact of public audit. ASG and COO are also engaging with other audit agencies regarding issues around workforce planning and modernisation
- Audit Scotland Board – new chair, Bruce Cartwright, starting in October, Vicki will engage with him over summer. Joint Commission and Board session planned for December, with a focus on local government reporting.
- Members and Vicki discussed auditing delivery of services across public sector organisations, in line with public service reform aspirations. It was noted that this is already done to some extent through performance audits, and that Audit Scotland, the Commission and AGS are making it clear that audit will not be a barrier to reform.

The Commission **noted** the update.

18. Any other private business

- Jo thanked members for their contributions at today's meeting. As this was the last meeting for Andy Cowie and for Callum Aitken (Commission Support Modern Apprentice) last meeting, Jo wished both well in their future endeavours.
- Members were reminded that the next Commission meeting will be held in August in Glasgow.

There being no further business, the meeting closed at 3:45pm.

Close of meeting

ACCOUNTS COMMISSION

Post-meeting note – Clackmannanshire Council section 102 report

Thursday 18 June 2026

Audit Scotland offices, 8 Nelson Mandela Place, Glasgow

Present:

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

In attendance:

Sarah Watters – Director for the Accounts Commission
Nikki Bridle – Chief Executive, Clackmannanshire Council
Cllr Ellen Forson – Leader, Clackmannanshire Council

Meeting note

Using an option within its Response Framework, the Commission invited Cllr Forson, Leader of the Council and Nikki Bridle, Chief Executive to a private discussion. Below is a short summary of the key points discussed:

- The Chair emphasised the seriousness with which the Commission approaches its statutory responsibility to secure the annual audit of accounts. While acknowledging the challenges outlined in the report—including changes in audit leadership and council capacity—the Chair stressed the Commission's focus on future improvement and restoring audit delivery.
- The Chief Executive thanked the Commission for the meeting and noted some concern about both the presentation of the reasons for delays and how council capacity had been characterised by auditors in the public session. However, she accepted the need to focus on recovery. She highlighted that relationships with auditors remain positive, with a recent joint "lessons learned" session completed, where reasons for delays in both parties had been discussed to avoid them reoccurring. She also welcomed auditors'

proposals for greater continuity through a smaller, more consistent team and increased on-site presence which seek to address many of the concerns the council has with the audit approach.

- The Leader stated that members were informed of the issues in the Section 102 report but felt more could be done to raise awareness across the full Council regarding their significance and impact. She noted that budget decisions are made based on information considered robust and observed that in previous years there had been limited material differences between unaudited and audited accounts.
- The Leader committed to strengthening governance arrangements by reflecting on the operation of the Audit & Scrutiny Committee; introducing a standing agenda item on audit delivery at full Council to improve awareness and engagement; and supporting members to more actively hold officers to account. The Chief Executive supported this approach and committed to elevating audit matters to full Council.
- The Chief Executive outlined actions taken to stabilise finance staffing. While the position is currently stable, she acknowledged ongoing risks to resilience due to persistent recruitment and retention challenges. She cautioned against offering false assurance on resourcing and noted that, while the Council collaborates with external partners, this work needs to be accelerated to deliver short-term benefits.
- In response to concerns raised in the Annual Audit Report 2023/24 about the impact of capacity on quality, the Chief Executive expressed surprise as there had never been an issue with quality before. She did not believe that competency was a consideration but did acknowledge the need to ensure high-quality information to maintain timely audit completion.
- Commission members reiterated expectations that the Council prioritise recovery planning, ensuring sufficient resources are in place to engage effectively with audit teams from July onwards.
- The Chief Executive confirmed that an audit plan is not yet in place but noted a key joint meeting with auditors scheduled for the week commencing 22 June. She emphasised that recovery planning must take a multi-year perspective, reflecting the scale and complexity of the challenges, rather than focusing solely on 2024/25.

Accounts Commission Action Tracker
As at: 5 August 2026

Action No.	Date	Action	Action for	Assigned to	Timescale	Progress	Status	Date complete
26/018	18-Jun-26	**Parliamentary induction materials** Director for the Commission to share the brochure for new MSPs with Commission members	Director for the Commission	Sarah Watters	Aug-26	Shared by Head of Comms on 19 June. Generic version to be prepared by Comms and shared online	**Complete**	19/06/2026
26/017	18-Jun-26	**Audit delivery updates** Director for the Commission to add reports to the agenda planner for September, November and January	Director for the Commission	Sarah Watters	Aug-26	Agenda planner now indicates when the Controller, as part of her updates, will bring more detailed audit delivery updates (Sep and Nov for 2026)	**Complete**	19/06/2026

ACCOUNTS COMMISSION

Best Value: Glasgow City Council

Item 5

Meeting date:
13 August 2026

Director for the Accounts Commission

Purpose

1. This paper introduces the Controller of Audit's report on Best Value in Glasgow City 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 Glasgow City Council were both presented to the council's Audit and Scrutiny Committee on Wednesday 25 February 2026.

The Controller of Audit's report

7. The report on Best Value in Glasgow City 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 Glasgow City Council on Wednesday 05 August. The council has been advised of its obligations to supply a copy of the report and the AAR on which it is based to each council member and to make additional copies available for public inspection. Once the CoA's report is sent to the council, it is effectively in the public domain.

Process

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

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

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

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

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

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

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

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

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

Publication arrangements

16. The report is due to be published on 03 September 2026, with the previous day being held for any media interviews. It is planned that Andrew Burns will front the media for this report.

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

Conclusion

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

Best Value

Glasgow City Council

Prepared by the Controller of Audit

August 2026

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Accessibility

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

Key facts

68	Square miles
631,970	Population (mid-2024)
45.4%	Proportion of all data zones in Glasgow that are within the 20 per cent most deprived in Scotland, according to Scottish Index of Multiple Deprivation (2020)
27,422	Workforce (headcount)
85	Elected members 37 Scottish National Party, 31 Scottish Labour, 8 Scottish Green Party, 3 Independent, 3 Your Party, 2 Reform UK & 1 Conservative (SNP minority administration)
£109.7m	General Fund budget gap projected over 2026/27 to 2027/28 under the most-likely planning scenario (as of August 2025)
£2,070m	Net service expenditure 2024/25 (from Glasgow City Council – Annual Accounts 2024/25)
£119.7m	Capital expenditure 2024/25

Controller of Audit report

Introduction

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 March 2026. Appendix 1 includes links to the 2022/23, 2023/24, and 2024/25 annual audit reports.

2. The reporting of Best Value is undertaken through the annual audit of each council and includes detailed work focusing on a Scotland-wide **Best Value theme**. Appendix 2 includes a link to the Best Value Statutory Guidance.

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.

3. This report also provides updates from 2024/25 annual audit work on equal pay and senior officer exit packages. These areas were reported on in Section 102 reports in February 2020 and August 2023 for equal pay and in September 2025 for senior officer exit packages. Appendix 3 includes a summary and links to those Section 102 reports.

4. The council faces a unique and complex set of challenges. It is the largest council in Scotland by population and has among the highest levels of deprivation. It also faces significant risks to its financial sustainability, as set out from paragraph 86 of this report. These include a £109.7 million budget gap over 2026/27 to 2027/28, potential additional costs relating to equal pay and significant cost pressures relating to homelessness services. In their 2024/25 annual audit report, the auditor reported that governance, performance management, and financial planning and reporting arrangements require further improvement to allow the council to demonstrate the delivery of Best Value.

Follow-up of Section 102 reports on equal pay and exit packages

Equal pay

Delivering equal pay arrangements has been a significant long-term issue for the council to address. The council has paid over £750 million to settle equal pay claims since 2019. It committed to implement a new pay and grading structure from April 2027, the latest possible date before further equal pay liabilities may arise. A series of delays to planned timelines for implementation have occurred over the years. Any further delays will have a significant financial and operational impact on the council.

5. In 2006, the council introduced a revised job evaluation scheme to harmonise pay and terms and conditions and eliminate pay inequality. Following its implementation, the council received a significant number of equal pay claims from employees relating to the validity and operation of the scheme.

6. The council paid £505 million in equal pay claim settlements during 2019 and a further £259 million during 2023/24 and 2024/25. This was funded by the sale and leaseback of council properties. The council now pays annual costs of approximately £33.1 million in relation to these properties.

7. Under a Memorandum of Understanding (MoU) signed in May 2023, no new claims against the council will be pursued until 2027. To prevent liability for further claims once this period elapses, the council is working to implement a new pay and grading structure that is equal pay compliant.

8. The implementation of the new pay and grading structure is a complex ongoing project. It has been the subject of two Section 102 reports by the Controller of Audit. A summary of the content and findings of these reports is set out in Appendix 3. This ongoing reporting has highlighted a series of delays to planned timelines for implementation.

9. The auditor reported the following position at the time of drafting the 2024/25 annual audit report in early 2026:

- In December 2025, the council set out a revised phased implementation for the new pay and grading structure from April 2027. This is the latest possible implementation date before the MoU agreement expires and the council may receive further equal pay claims.
- Significant work was progressing, with pay modelling for approximately 19,000 individuals starting in early 2026 and data gathering underway for 1,300 employees in unique roles.

- The council was consulting with trade unions on the new structure.
- The council was reviewing funding options, including restructuring the loans fund.
- The council had established additional governance and political oversight arrangements, including a Strategic Steering Group for key stakeholders and restarting the previous Equal Pay Political Oversight Group.
- The council had assessed that there was not yet sufficient information to make a reliable estimate of the financial impact of the new pay and grading structure. The amount to be paid will depend on the results of the job evaluation exercise, the outcome of pay modelling, and negotiation with trade unions. The council is considering a level of appropriate backdating of pay depending on the results of job evaluation and the pay and grading structure from October 2023 to implementation.

10. The 2024/25 annual audit report also highlighted that significant and complex decisions would be required as the project progressed into a critical stage. The auditor also noted that technical elements of the project may be impacted by the implementation of the council's new finance system, phase one of which currently coincides with the pay and grading system implementation date. Running both implementations together would bring significant risks. The council reports that the finance system implementation dates are under review.

Exit packages

The council was unable to demonstrate effective scrutiny, governance and transparency in respect of exit packages for five senior officers totalling £1.035 million. It has since taken specific improvement actions and is progressing with longer-term work to address audit recommendations regarding culture.

While the council has not yet had the opportunity to demonstrate the impact of some of these actions, it has responded openly and transparently to recommendations and findings from the auditor and the Accounts Commission.

11. Between 2021 to 2024, five senior officers left the council during a restructuring of the Chief Executive’s department. These senior officers received combined exit packages totalling £1.035 million. In 2023/24, the auditor reported that the council was unable to demonstrate effective scrutiny, governance and transparency in decision making or value for money in respect of these departures and the associated exit packages.

12. The council instructed Brodies LLP to investigate and prepare an independent report on these matters. A Section 102 report by the Controller of Audit, published in September 2025, drew on this investigation. This is summarised in Appendix 3.

13. The 2024/25 annual audit report provided an update on the council's progress in addressing the issues raised. The auditor noted that following the Finance and Audit Scrutiny Committee's consideration of the report from Brodies LLP in March 2025, the council took forward a number of immediate changes:

- In May 2025, the council approved revisions to the Scheme of Delegated Functions and committee terms of reference concerning the approval of proposals for the early retirement or redundancy of officers of grade 12 and above.
- Proposals for early retirement or redundancy of officers of grade 12 and above must now be considered by the Senior Officers Workforce Committee, comprised of seven elected members.
- A Corporate Workforce Planning Board will have responsibility for ensuring consistency of approach across the council group and for determining whether proposals satisfy Best Value considerations. It will also provide additional scrutiny of proposals for major service reform before submission to the City Administration Committee.

14. The council is also progressing several further actions, including developing relevant training and a review of cultural and organisational behaviours across the council and its group entities (for further details see paragraph 62). The Finance and Audit Scrutiny Committee is responsible for monitoring progress.

15. The auditor reported in 2024/25 that the council had progressed with addressing their prior year recommendations around exit packages, restructuring and culture (for further detail see Appendix E of the 2024/25 annual audit report, recommendations 27-30). In respect of restructuring, the council will only have the opportunity to demonstrate clear progress once further restructuring occurs. Cultural change will by nature be a longer-term matter for the council to address. The council continues to respond to the Accounts Commission's findings in an open and transparent manner.

Pace of continuous improvement

Management needs to ensure that sufficient focus is given to implementing audit recommendations on a timely basis. Failure to do so increases its exposure to risks.

16. The 2024/25 annual audit report drew attention to a significant number of open audit recommendations, highlighting that the pace at which the council addresses these needs to improve. Of the 33 prior year recommendations followed up during the 2024/25 audit, 21 remained open, including five high-risk **'Grade 1' recommendations**. The auditor made eleven further recommendations as part of the 2024/25 audit, five of which were assessed a Grade 1.

17. These recommendations are discussed under the relevant sections of this report. Exhibit 1 summarises the status of audit recommendations from the 2024/25 annual audit report.

18. The auditor has drawn particular attention to the need for the council to manage the acute risks it faces around financial sustainability. In particular, since 2022/23 the auditor has been highlighting the need for a robust medium term financial strategy. This should set out how the range of risks facing the council could impact reserves and how it will achieve its strategic priorities (see paragraphs 98 to 100).

Grade 1 recommendations relate to key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Consequently, management needs to address and seek resolution urgently.

Exhibit 1

Audit recommendation status from the 2024/25 annual audit report

Grade 1 recommendations need to be addressed urgently; grade 2 recommendations require prompt but less urgent action; and grade 3 recommendations merit attention but do not need to be prioritised.

Scope	Grade 1	Grade 2	Grade 3	Total
Partially complete recommendations	12	8	1	21
New recommendations	5	6	0	11
Completed recommendations	(6)	(4)	(0)	(10)
Superseded recommendations	(2)	0	0	(2)
Total open recommendations	17	14	1	32

Source: Glasgow City Council annual audit report 2024/25

Best Value Assurance Report (BVAR) follow-up

The council responded well to the findings of the previous BVAR in 2018, but challenges remain around homelessness, equal pay, performance monitoring and group governance.

19. The council last received a full BVAR in August 2018. The Commission recognised the council's ambitious vision and effective leadership, and underlined the need for elected members to continue to be supported by good training and development arrangements. The 2024/25 annual audit report reiterated the need to support elected member scrutiny, as set out in paragraph 31.

20. The Commission gave particular weight to the then Controller of Audit's recommendation in the BVAR that the council considers the impact of resolving equal pay claims. Further detail is set out in Appendix 3. The Commission also noted the potential for the council and its partners to further empower local communities and strengthen relationships with the third sector. The council has progressed in this area, as set out in paragraph 43.

21. The BVAR also included recommendations related to measuring long-term outcomes in the strategic plan, agreeing a homelessness improvement plan, and monitoring the financial and service implications of changes to the council group structure.

22. The 2022/23 annual audit report noted that the council had responded well to the 2018 BVAR. It completed an improvement plan and continued to innovate, including in its approach to community empowerment. However, the council has faced significant pressures since 2018, and challenges remain around equal pay, homelessness, group governance, and monitoring performance against the strategic plan. Some of these pressures, including equal pay and homelessness, have had and will continue to have significant financial impacts, as set out from paragraph 86 onwards.

Vision, leadership and governance

The council has a clear vision and priorities, but the council's leadership needs to balance numerous demands to deliver these.

The key requirements for good governance are in place at the council, but the auditor has raised concerns around the governance of exit packages, ICT security, business continuity and disaster recovery arrangements, and some group entities, and also highlighted scope for enhancing elected member scrutiny.

Vision, strategy, and priorities

23. The council set out a clear vision and priorities in its Strategic Plan 2022-27, based on its response to four 'grand challenges'. The grand challenges relate to:

- reducing poverty and inequality
- increasing opportunity and prosperity
- fighting the climate emergency in a just transition to a net zero Glasgow
- enabling staff to deliver services in a sustainable, innovative and efficient way

24. The strategic plan was refreshed in October 2024 and includes 244 individual commitments to be actioned by 2027. In their 2022/23 Best Value thematic work on leadership, the auditor highlighted that, in many areas, commitments would be challenging to deliver within planned timescales and resources.

Leadership

25. Following a senior leadership restructuring in summer 2025, the council's Corporate Management Team became the Corporate Leadership Team to provide strategic oversight and embed public service reform at the heart of the council's strategy. The revised governance framework, which also includes steering groups and a Political Oversight Group, is intended to ensure that priorities are consistently and transparently monitored across council activities.

26. The Corporate Leadership Team leads on key priorities including reducing child and family poverty, attracting investment and economic growth, managing city assets, and driving digital innovation. It retains overall responsibility for oversight and governance, receiving reports from all governance groups and making key decisions on public service reform measures, strategic plans, and resource allocation.

27. In 2024/25, the auditor concluded it is still too early to assess the effectiveness of these new arrangements while they are in the process of being fully embedded. However, they did note (in their 2024/25 Best Value thematic work on transformation) that the improved governance arrangements were beginning to take effect, with the council reporting that feedback from partners indicated improved coordination, stronger community engagement and a renewed sense of shared purpose.

28. Meanwhile, the council's leadership is facing numerous and wide-ranging demands on its capacity, as well as on the council's staff and financial resources. This includes a number of significant projects currently underway:

- Finance system replacement – the council is in the process of replacing its finance system (SAP). The system has been in use at the council since 2004 and standard support from the vendor ends in December 2027. The one-off costs of the new system are estimated at £23 million.

- Road to Multi-Source Strategy (R2MS) – the council is working to gradually move away from a single supplier of ICT services to a model where different suppliers provide specific services. This represents a fundamental change in how ICT is delivered and maintained within the council.

- New pay and grading structure – the council is developing a new pay and grading structure to ensure equal pay compliance in future. More details on this are set out in paragraphs 7-10 and Appendix 3.

29. These are complex, large-scale and critical projects. Their scale and nature, with inherent legal and procurement risks, will place additional strain on the council's leadership, which is already managing a range of significant risks as set out in this report.

30. Robust scrutiny from elected members will have an important role in driving and overseeing progress on these projects, as well as in navigating wider challenges. The 2022/23 leadership review reported that, while the council had provided training following significant turnover of elected members in May 2022, more work was required to support elected member scrutiny.

31. The Finance and Audit Scrutiny Committee experienced a number of membership changes in 2025 and 2026, including three different chairs within a 12-month period. A self-assessment in January 2025 found that only 57 per cent of members felt the committee had the appropriate mix of skills and experience to discharge its remit. In 2024/25, the auditor reported that this aligned with their view, noting that there remained scope for enhanced scrutiny by the committee. They recommended that elected members and lead officers continue to work together to ensure appropriate training to support members in their roles. Subsequently, training for Finance and Audit Scrutiny Committee members was provided in March 2026 and further training is scheduled for August 2026.

Governance

32. The 2024/25 annual audit report concluded that the key requirements for good governance are in place at the council, commensurate with the council's size and scale. Nevertheless, the auditor raised a series of specific concerns about governance at the council:

- Senior officer exit packages – the council was unable to demonstrate effective scrutiny, governance and transparency in decision making or value for money in respect of the exit of five senior officers over 2021 to 2024. The council accepted the auditor and Accounts Commission's recommendations and findings and has responded in an open and transparent manner on this matter. See paragraphs 11-15 and Appendix 3 for more detail.

- Group governance – there was scope for further enhancement of scrutiny arrangements of group members

- ICT Governance – the council needed to critically assess its ICT security, business continuity and disaster recovery arrangements.

Group governance

33. In 2022, whistleblowers raised allegations in respect of City Building, a construction and maintenance firm comprising a council subsidiary (City Building Contracts) and a 50/50 joint venture with the Wheatley Housing Group (City Building Glasgow). Significant compliance matters were identified covering governance, procurement and HR practices.

34. The council and Wheatley Housing Group appointed an external legal firm to investigate. This led to the establishment of a joint oversight board to review City Building and address concerns raised by the legal investigation and by internal and external auditors.

35. Recognising concerns around senior management's culture towards the role of audit and governance, a new Executive Director was appointed to City Building Glasgow in 2025 from outwith the organisation. The new Executive Director has undertaken a review of the executive leadership structure to ensure a focus on improvement, governance, finance and transformation.

36. In 2024/25, the internal auditor issued an unsatisfactory opinion for City Building in respect of their performance management arrangements, reflecting the absence of a formal performance management framework and issues with underlying repairs workflow and data accuracy. The 2024/25 annual audit report noted that management was addressing these issues, but highlighted the need for City Building to continue building on improvements made since 2022.

37. The audits for both City Building Contracts and City Building Glasgow have been delayed since 2021/22, following the whistleblowing allegations. As audited information for City Building has not been available at the time of sign-off, the council's auditor has given a qualified audit opinion on the group financial statements since 2022/23. City Building's 2024/25 financial statements were finalised in December 2025, which demonstrates significant progress in recovering audit timetables.

38. The auditor has also raised issues relating to the Scottish Events Campus Limited (SEC), another council group entity. A 2023/24 health and safety audit identified improvement areas, for which mitigations were implemented. In addition, information relating to a prior period adjustment at SEC was not readily available to the council during the 2024/25 audit. The council auditor therefore recommended that the council establish an oversight and reporting framework for SEC to ensure that material financial matters are identified, reported, and accessible to the council in a timely manner.

ICT governance

39. The 2024/25 annual audit report stated that the council must critically assess its ICT security, business continuity and disaster recovery arrangements.

40. The council was impacted by a cyber incident at a third-party subcontractor in June 2025. External experts reported 'high confidence' that this had been contained. While the council's response demonstrated effective arrangements in some areas, internal audit continued to raise concerns around the council's ICT service and security. They noted that a number of high-risk areas have been mitigated but that work remains ongoing in others.

Citizen and community engagement

The council has strengthened its arrangements for community empowerment and worked with partners and communities to address poverty.

41. The council developed its Strategic Plan 2022-27 based on strong historic engagement with partners and communities. The Community Planning Partnership's Community Plan, developed in 2017, involved significant engagement with over 330 community organisations and individuals.

42. The Strategic Plan 2022-27 sets out the council's approach to embedding community engagement through a range of actions. This includes commitments around consultation on the refurbishment of George Square and engagement with foster and kinship carers and equalities groups.

43. The council has worked with partners and communities to support delivery of its transformation agenda, which is focused on addressing poverty. For example, the Glasgow Helps service (which aims to help citizens find the support they need more easily) engages with communities that use its services through various community organisations. This engagement includes collaboration and feedback sessions.

44. The council has also taken steps to strengthen community empowerment. For example, it allocated £1 million for investment in all 23 wards in the city. Local people and community groups submitted and voted on ideas for how this should be used. This was supported by in person and online engagement sessions.

Effectiveness of performance reporting

The council must strengthen its performance management and reporting arrangements to demonstrate Best Value and ensure compliance with current and future Statutory Performance Information (SPI) Directions. The auditor has raised concerns regarding the timeliness and balance of annual performance reports.

45. The Operational Performance and Delivery Scrutiny Committee (OPDSC) is responsible for scrutiny of progress against the Strategic Plan 2022-27. Progress reporting is based on a template which officers have refined and agreed with OPDSC, most recently in August 2025.

46. Since 2022/23, the auditor has reported the large volume of commitments in the strategic plan and associated reporting limit the ability of members to assess and scrutinise overall progress. Planned improvements through a performance dashboard for elected members were delayed due to system limitations.

47. The council produces an annual performance report summarising delivery against the strategic plan. At the time the 2024/25 annual audit was finalised, the 2024/25 performance report was not available for inspection, with the auditor advising the council to consider the timeline for future reports. It was subsequently reported to the Wellbeing, Equalities, Communities, Culture and Engagement Committee in April 2026. The auditor raised concerns around the emphasis on positive developments in the 2023/24 annual performance report, noting that a balanced assessment is required by Best Value guidance. The council intends to report and publish the 2025/26 Annual Performance Report in September 2026, restoring the recommended timeline.

48. Additionally, each year the council presents an overview of performance against the Local Government Benchmarking Framework (LGBF) to the OPDSC. Reporting primarily focuses on the indicators within the top and bottom quartiles, alongside some narrative and analysis.

49. For three consecutive annual audits, the auditor has been unable to confirm that the council is compliant with the SPI Direction issued by the Accounts Commission, with concerns around the timeliness and balance of annual performance reports (reflecting the issues set out in paragraph 47). This highlights a significant and ongoing weakness in the council's performance reporting.

Reported performance

LGBF indicators show a long-term picture of improvement across the majority of cost and performance indicators, while all satisfaction indicators declined reflecting national trends.

Council performance reporting

50. A report on the council's performance in 2024/25 against the LGBF indicators was presented to the Operational Performance and Delivery Scrutiny Committee in May 2026. This reported that for 21 (20 per cent) indicators it ranked in the top quartile and for 28 (27 per cent) it ranked in the bottom quartile. Reporting over the previous two years has shown an overall increase in indicators in both the top and bottom quartiles.

51. Strong performance was noted in areas such as sickness absence days per teacher and employee and the percentage of pupils living in the 20 per cent most deprived areas gaining five plus awards at level five and level six. Areas of poor performance included cost per attendance at sports facilities, net cost of street cleaning per 1,000 population and percentage of primary 1, primary 4 and primary 7 pupils combined achieving expected Curriculum for Excellence levels in literacy and numeracy. Council reporting notes that street cleaning costs are impacted by high footfall, given that the city is an urban hub. It also notes that the cost per attendance at sports facilities includes the costs of operating large venues but not the income from spectators attending events at these venues.

LGBF performance

52. An overview of movements on all LGBF indicators as of June 2026 is shown in Exhibit 2 alongside the averages for all Scottish councils. Performance remains mixed. Of the 102 LGBF indicators, 60 (59 per cent) have improved since the base year, 4 (4 per cent) have remained the same, and 38 (37 per cent) have deteriorated.

53. The service areas with the highest proportion of indicators improving since base year were tackling climate change (100 per cent), economic development (69 per cent) and corporate services (64 per cent). In contrast, the areas with the highest proportion of indicators declining were adult social work services (55 per cent), culture and leisure services (50 per cent) and environmental services (43 per cent). All satisfaction indicators have declined since base year, reflecting national trends.

54. Performance against LGBF indicators in comparison to other councils has remained stable, with 43 per cent of indicators in the top two quartiles in the base year and in the most recently published data. Nationally, the council ranks 26th out of 32 councils for indicators in the top two quartiles. It performs below the family group average in both the area-based and population-based comparisons for this measure, ranking in the bottom two of each family group.

Exhibit 2
Glasgow City Council – LGBF indicator summary June 2026
Council movements are shown alongside Scotland averages in brackets.

	Cost indicators	Performance indicators	Satisfaction indicators	All indicators
Movement in last year	%	%	%	%
- Improved	60 (54)	38 (43)	73 (36)	46 (42)
- Stayed the same	10 (9)	19 (23)	9 (9)	16 (19)
- Declined	30 (37)	42 (34)	18 (55)	38 (38)
Movement since base year				
- Improved	55 (54)	69 (65)	0 (8)	59 (57)
- Stayed the same	0 (1)	6 (6)	0 (3)	4 (5)

- Declined	**45 (44)**	**25 (29)**	**100 (90)**	**37 (38)**
Indicators in the top two quartiles				
- Most recent year	**30**	**49**	**27**	**43**
- Base year	**30**	**41**	**73**	**43**

1. Scotland average movements are shown in brackets.

2. 2010/11 is the base year for the majority of LGBF indicators, but this varies for measures introduced later.

Source: LGBF as of 12 June 2026

Workforce planning

The council has made progress in workforce innovation, but key Best Value expectations remain incomplete, including a finalised workforce strategy and consistent council-wide staff engagement.

55. The 2023/24 Best Value thematic review focused on workforce innovation. The council has made progress in implementing the auditor's recommendations, with some slippage. It is now anticipated that recommendations will be complete between mid-2026 and early 2027.

Workforce strategy and planning

56. Workforce priorities are embedded in the council's strategic plan. The council has extensive workforce planning arrangements, which reflect the size and complexity of the group. Arrangements include service planning, service workforce planning boards and a corporate workforce board. The council has established an officer-led Strategic Trade Union Board and a cross-party Workforce Board to facilitate trade union and elected member engagement.

57. In their 2023/24 workforce review, the auditor reported that the council had not yet delivered a standalone workforce or people strategy. The auditor was clear that having a strategy is an expectation under the requirements of the Best Value statutory guidance and would help support the council's response to digital, technological and strategic changes. The 2024/25 audit confirmed that terms of reference for the Workforce Board are now in place and work is underway. Completion is expected in April 2027, following implementation of the new pay and grading structure.

58. The council has responded effectively to the need to improve the age profile of its workforce through the Youth Employment Strategy. It has reported positive outcomes, including positive destinations for employees on the graduate and modern apprenticeship programmes.

59. The council's workforce monitoring has continued to develop. Initial work has focused on piloting quarterly dashboards on staff absence, alongside workforce data already provided directly to individual services by human resources.

Flexible working

60. The council has implemented its hybrid working policy effectively, with an evidence-led approach building on hybrid working pilots following the Covid-19 pandemic. It has assessed the impact on two occasions, most recently in 2023. Results were predominantly positive, indicating high levels of trust, maintained service delivery, and positive staff outcomes.

Staff engagement

61. The auditor reported in 2024/25 that the council had not completed a council-wide employee survey since before the pandemic. In the interim, it has used alternative engagement processes while internal audit completes a wider cultural review. The council has also reported improved completion of its Performance Coaching Review process, which will continue to be monitored into 2025/26.

62. As part of the wider culture review, during 2025/26, the council issued the Improvement Service's Culture Checklist 2025 to all staff in service or **ALEO** management teams. The outputs from this exercise provided the Corporate Leadership Team with a baseline of the current culture and discussions have taken place on next steps. A development session was held in June 2026 to discuss the future culture of the council and in particular, expected behaviours of the workforce for the council of the future.

ALEOs, or arm's-length external organisations, are separate organisations used by councils to deliver services.

Digital and data

63. The Council approved the Digital Glasgow Strategy 2024-2030 in April 2024. The strategy has three missions, each supported by an action plan. Progress is monitored by the Digital Glasgow Board, which is chaired by an elected member. The strategy includes a focus on workforce productivity through the Technology Modernisation Plan, intended to improve agility, support flexible working and strengthen the use of data across the council.

64. The council has also used digital technology to engage directly with staff, including using QR codes linking to staff engagement pages and text messages to homecare workers and catering and facilities management teams.

Transformation

Transformation is embedded in the council's overall strategic plans and governance arrangements, with a focus on tackling poverty. There are strong examples of the council working collaboratively to achieve its priorities.

Agreeing a clear timeline for implementation of the Community Planning Partnership's (CPP's) performance framework is important for monitoring impacts. There is also a need to ensure that there is clear alignment between transformation projects and financial plans.

Transformation plans

65. The council's transformation and public service reform activity is focused on addressing poverty. Tackling poverty is the overarching priority within the Glasgow Community Plan 2024-2034, as well as being one of the four 'grand challenges' in the council's strategic plan. This work is embedded in the council's overall strategic plans and governance arrangements, rather than sitting as a standalone programme.

66. In their 2024/25 transformation review, the auditor concluded that transformation planning was not sufficiently aligned with financial planning. The council should ensure that the financial benefits and savings associated with transformation projects are clearly articulated and where appropriate, included within financial plans.

Partnership working

67. The council has demonstrated strong examples of working collaboratively with partners, including:

- Glasgow Helps – a partnership with the Glasgow Council for the Voluntary Sector – has enabled the council to build and maintain more than 250 relationships with partners across the city.
- The Financial Inclusion Support Officers project has embedded support for families experiencing poverty in 50 schools, helping them maximise their benefit entitlements and supporting parents and carers into employment pathways. Delivered through public and third sector organisations across the city, the programme has grown significantly while demonstrating clear outcomes and impact. It now has the benefit of ongoing sustainable funding.

Impacts of transformation

68. In their 2024/25 transformation review, the auditor reported that the council's previous measures to address child poverty did not deliver the level of impact anticipated. The council reflected on constructive feedback to shape its new approach to addressing poverty. The new approach is aligned to the key principles of public sector reform, person-centred and engagement led, aiming to collaboratively identify interventions that are both impactful and sustainable. Progress will be monitored through the new Glasgow CPP performance framework.

69. The new CPP performance framework will be key in demonstrating progress in reducing poverty and inequalities. Work to finalise this remains ongoing, having been initiated in 2024. The six key outcomes in relation to reducing poverty and inequalities have now been agreed. The framework will detail outcomes for the short, medium and long term. The auditor concluded that the Glasgow CPP should agree a clear timeline for implementation to ensure progress towards delivering outcomes is monitored in a timely manner.

Financial management

The council has improved its performance against budget in 2025/26 following a significant overspend in 2024/25, but there remains scope for improvement in some areas of financial management.

The auditor has highlighted that the council needs to continue to critically reassess its financial management capacity.

Overspends

70. The council recorded a net overspend of £45.7 million in service expenditure for 2024/25. This was its highest overspend in the last six years and marked an increase from the £28.6 million overspend in 2023/24. Financial pressures in 2024/25 included:

- a £33.1 million overspend in Neighbourhood, Regeneration and Sustainability due to overtime and agency staffing costs, higher transport costs and increased utility, rates, building repairs and rent costs
- a £15.6 million overspend in Education Services, driven by employee costs due to increasing school rolls and additional staffing requirements, under recovery of income and inflationary increases

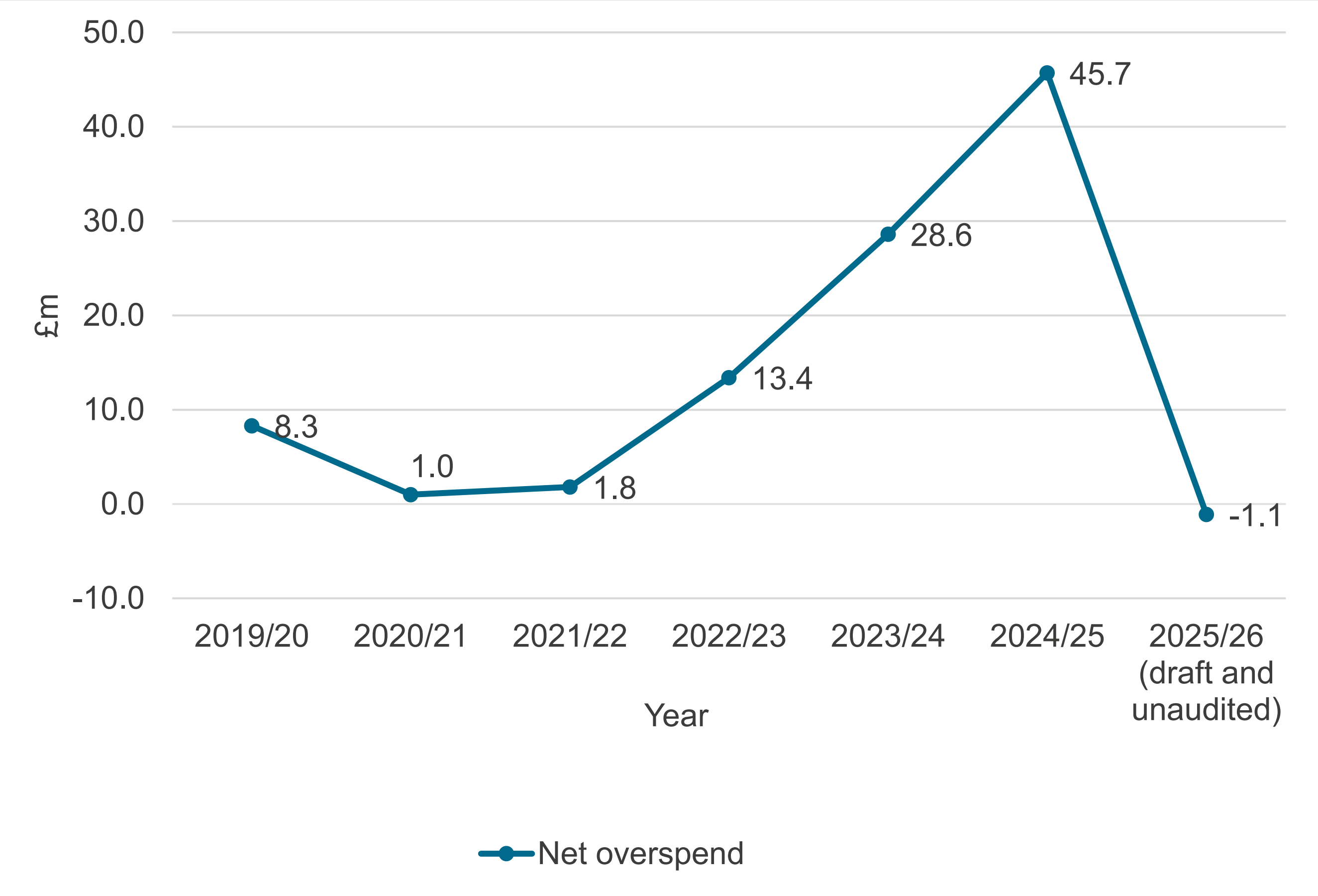
71. While the external environment has played a role in the higher costs, the council needs to maintain focus on both the accuracy of the budget and control of additional costs. The council has demonstrated improvements in 2025/26 following significant work as part of the 2025/26 budget process, in which it incorporated recurring overspends into its budget where appropriate. At the time of the 2024/25 annual audit report (March 2026), the council anticipated meeting its budget for 2025/26.

72. Exhibit 3 shows the net overspend/underspend for each financial year from 2019/20 to 2025/26.

Exhibit 3

Net overspend/underspend by financial year from 2019/20 to 2025/26

The level of overspend reported by the council significantly increased up to 2024/25. The council reported an underspend in 2025/26.



Budget monitoring

73. The City Administration Committee and Finance and Audit Scrutiny Committee consider quarterly budget monitoring reports. Following previous audit recommendations and elected member feedback, officers have made several changes to improve transparency and to focus on key factors that impact elected member decision-making. The 2024/25 annual audit report highlighted that the council should continue to regularly review financial monitoring reports presented to elected members to identify areas for improvement.

74. Performance against annual efficiency savings is included in service reports to the Finance and Audit Scrutiny Committee and in a summary report to the City Administration Committee. The council delivered £42.9 million savings (92 per cent of its target) in 2024/25, which is an improvement on the £32.3 million (82 per cent of target) delivered in

2023/24. The unachieved savings of £3.5 million for 2024/25 primarily related to the Health and Social Care Partnership.

Capital programme

75. The 2024/25 annual audit report set out that current reporting arrangements do not fully reflect the size or complexity of the capital programme. The City Administration Committee receives quarterly progress updates and the Finance and Audit Scrutiny Committee receive more detailed monitoring reports. The auditor noted overly detailed reporting to the Finance, Audit and Scrutiny Committee and a need for increased oversight and transparency on the progress of capital projects against key milestone dates.

76. The council's capital expenditure in 2024/25 was £119.7 million. The 2024/25 annual performance report on the council's Capital Investment Programme was not yet published when the 2024/25 annual audit report was finalised.

Internal control environment

77. In its 2024/25 annual governance statement, the council concluded that it had obtained reasonable assurance that its system of internal control was operating effectively during the year for the first time since 2020/21. In the intervening years, it received limited assurance as a result of significant findings, including in relation to ICT services and resilience.

78. There remain areas for improvement in the council's financial management controls. The auditor followed up on 17 financial management control recommendations from prior years during the 2024/25 audit, of which ten were rated as Grade 1 (high risk). Nine of these 17 recommendations were either completed or superseded in 2024/25, while six new financial management recommendations were raised.

79. Open grade 1 recommendations on financial management relate to areas including cataloguing heritage assets, cyber security and monitoring and recording leases impacted by IFRS 16. More detail is set out in Appendix E of the 2024/25 annual audit report.

Financial statement preparation and audit delays

80. The council has been working to delayed financial statement preparation and audit timetables since 2020, due to a range of factors. The 2024/25 annual audit report highlighted that the finance team engaged well during the 2024/25 annual audit, with improvements in the timeliness and quality of responses and working papers generally being of a good standard.

81. However, the 2024/25 audit timetable was impacted by delays providing IFRS 16 information, which meant that fully compliant financial statements were provided to the audit team in January 2026. As a result, the audit did not meet its planned completion date in December 2025. This will impact the 2025/26 audit timeline. A revised plan has been agreed to return to a September audit completion date (in line with the statutory deadline) for the 2026/27 audit.

Finance team capacity

82. As set out in this report, the council's finance team is managing a range of high-risk issues, in addition to the challenges inherent in a council of this scale and complexity. The 2024/25 annual audit report noted that the finance team continued to be under significant pressure. This had been exacerbated by:

- working outside of a 'standard' local government timetable for financial statements preparation and the annual audit
- the increasing number of control issues needing to be addressed
- an increase in significant and unusual transactions requiring technical consideration

83. The council's finance team experienced significant turnover during 2024 and 2025, including in the Executive Director of Financial Services and Head of Corporate Finance. The council finance function had to demonstrate significant resilience, above that embedded within formal arrangements, to manage this effectively.

84. The finance team are also impacted by the limitations of the existing finance system and will need to navigate the move to a new finance system in the coming years. This will provide an opportunity to strengthen arrangements and address audit recommendations, while also requiring careful planning and management to mitigate the inherent risks.

85. In light of these factors, the auditor reported in 2024/25 that the council needs to critically reassess the sufficiency of its financial management capacity in the context of external audit findings, current system weaknesses, and the scale of the financial challenge and change ahead. The council has started to take steps to future proof the finance function, including a focus on developing and expanding the council's professional trainee programme. Further work may be required to ensure the financial team is sufficiently resilient to the challenges that lie ahead.

Financial sustainability

As of August 2025, the council had a £109.7 million budget gap over 2026/27 and 2027/28, before any costs of implementing its new pay and grading structure. It is also facing significant cost pressures relating to homelessness services. In 2024/25 its usable reserves declined to the lowest level since 2018/19 and, critically, it does not have a detailed medium-term financial plan setting out how it will manage these issues.

86. Key financial information for the council is included in Exhibit 4.

Exhibit 4
Glasgow City Council – key financial information

Budget setting	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Budget gap	19.7	49.3	3.1	49.2
Revenue investment	10.6	-	13.1	19.4
Planned to be met via:				
• Savings and flexibilities	16.1	31.3	26.4	26.2
• Use of reserves	7.3	6.0	(18.5)	-
• Other measures	-	-	8.3	22.2
• Additional council tax / funding	6.9	12.0	-	20.3
• Council tax increase (%)	3%	5%	-	7.5%
Actual				
• Savings delivered	16.0	25.6	33.3	24.4 (unaudited)

Note 1: Planned and actual savings include those relating to the council and its ALEOs, but not those relating to the Health and Social Care Partnership. The savings referenced in paragraph 74 include those relating to the Health and Social Care Partnership but not those relating to ALEOs.
Source: Glasgow City Council annual accounts and committee papers.

Budget gap

87. In August 2025, the council's high-level financial outlook reporting set out a net budget gap of £109.7 million over 2026/27 and 2027/28. This assumed:

- growth in the settlement from Scottish Government of 2.7 per cent
- no increases to council tax
- pay awards of three per cent
- no provision for inflation, except where contractual
- the delivery of previously agreed savings for 2025 to 2028
- no new budget pressures being carried forward from 2025/26

88. The forecast budget gap did not include any provision for equal pay but the council's reporting recognised the risk associated with this. If the council does not implement the new pay and grading structure by April 2027 as planned, it may receive further claims. This is a risk given delays to date, the complexity of the project, and the number of projects and challenges that the council is managing. The 2024/25 annual audit report highlighted that the financial consequences of further delays will be significant and limit the council's ability to develop meaningful financial plans.

89. In addition, the council has not yet determined the financial implications of its new pay and grading structure. Potential associated costs include backpay for the period from October 2023 to implementation. This brings significant financial uncertainty.

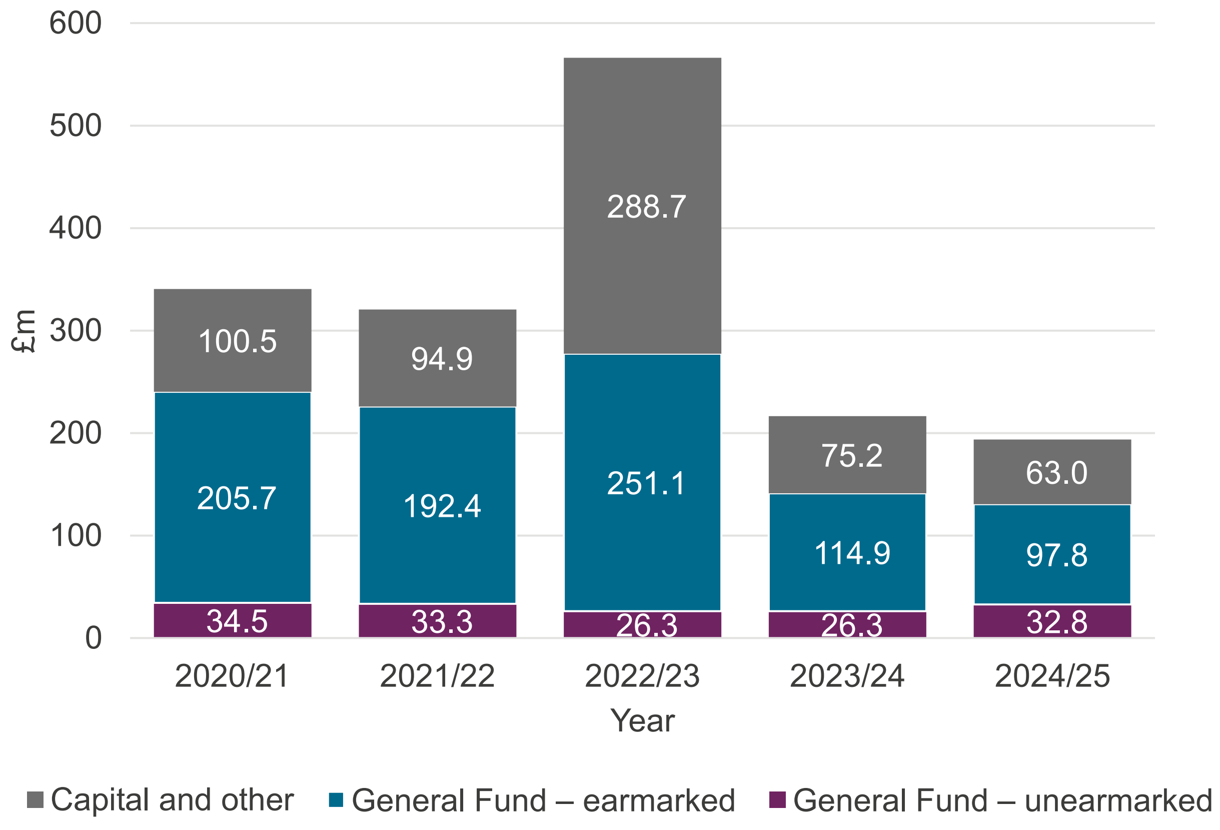
Reserves

90. The council's budget gap is in the context of declining reserves. As at 31 March 2025, the council's usable reserves were £193.6 million, a decrease of £22.7 million from the previous year and the lowest level since 2018/19. The council's unearmarked reserves balance at 31 March 2025 was £26.3 million, representing 1.2 per cent of net budgeted expenditure. This is below the council's medium-term target of two per cent, which the council last met in 2020/21. The council needs to have a clear approach to ensuring that the reserves are held in line with its policy.

91. The council reported an unearmarked reserves balance of £42.0 million at 31 March 2026, representing 1.9 per cent of net expenditure. This is based on draft and unaudited figures.

92. Exhibit 5 shows the council's usable reserves balance since 2020/21.

Exhibit 5
Closing usable reserves balances at 31 March for the 2020/21 to 2024/25 financial years
Usable reserves decreased by £22.7 million between 2023/24 and 2024/25



Source: Glasgow City Council financial statements

93. The council established a £105 million Budget Support Fund in 2022/23 (earmarked from its General Fund) to support the implementation costs of budget savings options, including severance costs, and to provide support for future budgets. In practice, the council has used a significant proportion of the fund to support the deficit position and homelessness pressures. In 2024/25, its balance reduced from £53.6 million to £28.5 million, with the largest factor being the use of £14.6 million in relation to increased demand in respect of homelessness.

94. Subject to audit, the council reported that the fund had been fully utilised in 2025/26. It will therefore need to consider other options to manage future budget pressures and to fund the implementation costs of future savings measures.

Homelessness cost pressures

95. Costs in respect of homelessness have been a significant area of financial pressure on the council. Under homelessness legislation, households that receive leave to remain in the UK following an asylum decision can seek assistance from a local authority. These costs are incurred by Glasgow City Integration Joint Board (IJB), but the council has provided assurances to the IJB that it will meet any overspend relating to asylum decisions with additional council funding in 2024/25 and 2025/26. In June 2026 the council reported net costs in respect of homelessness for 2025/26 of £38.4 million.

96. In late 2023, the IJB highlighted a significant worsening in its financial position following the UK government's announcement of a streamlined asylum process to address a significant backlog of asylum decisions. The Scottish Housing Regulator has highlighted that the council's services to people who are homeless are impacted by systemic failure and that the council is breaching its statutory duties. Systemic failure means that the number of people who are homeless, and the level of need they have, now exceeds the council and IJB's capacity to respond.

97. In its February 2026 budget setting report, the council estimated that net costs in respect of homelessness would rise to £56 million in 2026/27. As a short-term measure to meet these costs for 2026/27, Scottish Government granted flexibilities in the use of the council's general capital grant. The council continues to make representations to both the Scottish and UK governments for additional financial support to respond to these pressures. The council and IJB will need to continue working with stakeholders to achieve change.

Financial planning

98. In November 2023, the council agreed a high-level medium-term budget strategy for the period from 2024 to 2027. While this allowed for earlier development of savings options, the auditor reported that it did not constitute a medium-term financial plan.

99. This is a critical gap in the council's arrangements to manage the risks and pressures it is facing. These include areas of significant uncertainty, such as future income, the cost of implementing the new pay and grading structure, ability to deliver savings, and overspends in homelessness services.

100. The auditor recognised that the council's three-year budget approved in February 2024 represented a step change in its ability to meet unprecedented financial pressures. The council also prepared a Financial Outlook for 2026-28, which demonstrates progress in future financial planning. However, a detailed medium-term financial plan remains vital. This should assess the potential impacts of the issues faced on its reserves position, as well as considering how the council will achieve its strategic plan priorities.

Conclusion

101. The council is facing significant risks. Costs in respect of homelessness have been a significant area of financial pressure, driven by demand for services. There is also significant financial uncertainty associated with the council's new pay and grading structure, and the impact will be magnified if the council is not able to implement this by April 2027 as planned.

102. The council has taken steps to strengthen financial planning and reversed a previous trend of increasing overspends with an underspend in 2025/26 (based on unaudited information). However, given the scale of the financial challenges, the lack of a medium-term financial plan is a critical gap.

103. The council must balance addressing these financial sustainability risks with a range of competing demands. These include replacing the finance system, changing how ICT is delivered at the council, and responding to a significant number of outstanding audit recommendations, including in vitally important areas such as governance, scrutiny and performance management. These need to be addressed for the council to demonstrate that it is delivering Best Value for its communities.

104. Given the scale and complexity of the challenges facing the council, effective scrutiny and strong leadership by elected members will be critical. Elected members have a key role in providing constructive challenge, ensuring robust oversight of performance, risk and financial sustainability, and supporting informed decision-making as the council responds to these risks and demonstrates Best Value for its communities.

Appendix 1

Annual Audit Reports

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

Insert AAR cover image

2022/23 Annual Audit Report
Glasgow City Council

March 2024

Insert AAR cover image

2023/24 Annual Audit Report
Glasgow City Council

May 2025

Insert AAR cover image

2024/25 Annual Audit Report
Glasgow City Council

May 2026

Appendix 2

Best Value Statutory Guidance

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

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

Appendix 3

Section 102 reports on equal pay and senior officer exit packages

Equal pay

Best Value Assurance Report: Glasgow City Council (August 2018)

The council introduced a revised job evaluation scheme in 2006 to harmonise pay and employment terms and conditions, and eliminate pay inequality. Following its implementation, the council received a significant number of equal pay claims from employees relating to the validity and operation of the scheme.

In January 2018, in response to two rulings by the Court of Session, council agreed to address equal pay claims through negotiation with claimants' representatives. The council established an equal pay project comprising a number of workstreams to take this matter forward.

The council acknowledged that a separate funding strategy outwith the current financial framework would be required given the likely scale of any settlement.

The Controller of Audit reported that:

- discussions with claimants and representatives were complex and would take time to resolve
- the nature of the issue, and the uncertainty around the financial implications, was unprecedented
- the potential scale, once resolved, was likely to be significant and traditional funding options were unlikely to be sufficient to bridge any funding gap
- the council faced a period of unprecedented financial pressure given the potential financial implications of the equal pay issue in addition to the forecast funding gap

Commission findings

The Commission noted serious concern about the potential financial cost of resolving equal pay claims and how that might affect the council's ability to deliver services.

The 2018/19 audit of Glasgow City Council: Update on equal pay settlement (February 2020)

In February 2019, the council's City Administration Committee approved settlement terms, alongside a funding strategy for equal pay. The council applied the agreed terms to approximately 15,500 claims, each of which was assessed up to 31 March 2018. The final settlement cost to the council in respect of these claims was £505 million.

The council commenced payments to claimants in June 2019. By the end of November 2019, approximately 150 settlements remained outstanding. These all related to specific instances where the case had been difficult to finalise.

As claims were assessed up to 31 March 2018, the council remained at risk of further claims until it implemented a new pay and grading structure. It was working to implement this by April 2021.

The council funded the settlement payments through:

- a remittance from City Property Glasgow (Investments) LLP (a council-owned arm's length external organisation) following refinancing of an existing loan
- a sale and leaseback arrangement with City Property, whereby the council used the capital receipts from the sale of eleven properties to fund the equal pay settlement and lease back the properties on commercial terms

The Controller of Audit reported that:

- The scale and complexity of settling historic equal pay obligations presented the council with significant financial, operational and reputational risks. The council acknowledged these challenges at an early stage.
- the council engaged effectively with key stakeholders and partners during the process and where appropriate sought, acted on and, when necessary, challenged external professional advice
- the council successfully delivered a challenging and complicated project within a relatively short period of time
- the council developed and applied appropriate overarching governance arrangements to the equal pay project and applied appropriate controls to the calculation and payment of settlements
- the council took appropriate action to mitigate the key risks arising from both the settlement and funding arrangements and that it responded in a fast, transparent and comprehensive way to the challenges it faced

Commission findings

The Commission commended the successful delivery of a challenging and complicated project within a relatively short period of time. It particularly welcomed the effective governance arrangements that the council put in place to oversee the project.

The Commission also acknowledged the residual liabilities in relation to the ongoing claims and the possibility of further claims arising until the council implemented its new pay and grading structure. It strongly encouraged the council to implement its new pay and grading structure by April 2021 as intended.

The 2021/22 audit of Glasgow City Council: Update on equal pay arrangements (August 2023)

Reported developments

In May 2023, the council reached a new agreement with the main claimant representatives, with all relevant parties signing a Memorandum of Understanding (MoU). The MoU set out broad terms for settling equal pay claims for all residual and ongoing equal pay liabilities up to October 2023. This included new claims and updated claims from claimants that previously received settlements in 2018.

The council planned to begin paying out settlements from July 2023. This was to be funded by the sale and leaseback of six properties, raising £210 million.

The target implementation date for the council's new equal pay compliant pay and grading structure was initially delayed from April 2021 to October 2023, primarily owing to the impact of Covid-19. This was subsequently revised to target implementation during the 2024/25 financial year.

In May 2023, a council report highlighted significant risks to planned timescales for job evaluation (a key element of the new pay and grading structure project) and put a recovery plan in place.

The council intended to implement the new pay and grading structure within the constraints of its available resources. This included the costs of backdating pay under the new structure to October 2023.

Report findings

The Controller of Audit reported that:

- delays in implementing an equal pay compliant pay and grading system risked continuing inequality for groups of Glasgow City Council's employees and increased the risk to the council of future equal pay claims
- the council put effective arrangements in place to manage its equal pay programme in line with its revised planned timescales and to

minimise the risk of any further delays in implementing its new pay and grading system

- these arrangements included appropriate governance

Commission findings

The Commission commended the council for the effective governance processes for overseeing its programme of work around equal pay. It urged all parties involved to continue to work at pace to implement the new pay and grading structure in line with the revised timeline for implementation in 2024/25. It also encouraged the council to ensure it had appropriate contingency plans given the scale of the job evaluation process to be undertaken in relation to the new pay and grading structure.

The Commission also noted that meeting the cost of the council's equal pay liability through the sale and leaseback of council properties meant that it was ultimately funded through the council's annual revenue budget, alongside any additional costs from the implementation of the new pay and grading structure. The Commission signalled a close interest in how effectively the council addresses any service implications of this additional spend, particularly given the already challenging financial context for councils.

Senior officer exit packages

The 2023/24 audit of Glasgow City Council: Senior officer exit packages (September 2025)

The 2023/24 annual audit report for the council raised significant matters in relation to the scrutiny, governance and transparency of decision-making in respect of the exit of five senior officers over a three-year period between 2021 and 2024. The Controller of Audit used her reporting powers under Section 102 (1) of the Local Government (Scotland) Act 1973 to bring these matters to the Commission's attention.

In early 2021, a proposal was drafted for a restructure of the council's Chief Executive's Department. This included the exit of five senior officers (including the chief executive) and set out the associated financial arrangements. The departures of these five officers took place between April 2021 and May 2024, with exit packages totalling £1.035 million. The estimated ongoing savings from the proposal were £0.65 million.

After elected members raised concerns, the council commissioned an internal review in September 2024, followed by an independent review by Brodies LLP (reported in February 2025). In response to the findings, the council agreed changes to strengthen governance arrangements in relation to workforce and service reform. The independent review stated that 'we did not find any evidence allowing us to conclude that any recipient of any severance/retirement package, or any other officer, acted improperly'.

Report findings

The Controller of Audit reported that:

- the process for approving the business case for restructuring the senior management of the Chief Executive's Department was not formally documented
- approval of the exit and the terms for four of the five officers was in line with policy
- approval of the chief executive's exit did not follow the scheme of delegated functions
- elected members were not involved in decision-making or approval processes
- appropriate scrutiny, transparency and accountability was lacking

Commission findings

The Commission welcomed the internal review, independent investigation, and public reporting of findings. It expected the council to have strong evidence of good governance, scrutiny, and value for money and to present clear business cases for future restructuring.

The Commission noted that the rationale for the former chief executive's retirement contributing to efficiencies was, at best, unclear. It considered that the restructuring package was dealt with in a manner inconsistent with the Key Principles of Public Life in Scotland, in particular selflessness, integrity and objectivity.

The Commission noted in particular that the Restructure Report appeared to have been approved by some individuals who then benefitted from its proposals. It reported that the council must ensure that independent scrutiny was applied to issues and decisions where there are potential conflicts of interest.

Best Value

Glasgow City Council

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ACCOUNTS COMMISSION

Local government policy update

Item 6

Meeting date: 13 August 2026

Policy Manager for the Accounts 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:

- **Local government budgets 2026/27** *(11 June)*
  - *Coverage:* Widespread coverage across all local and national news media including interactive data tool on the BBC News website. Interviews with BBC, STV, ITV Border and local radio.
  - *Engagement:* 1,300 downloads in June (relatively high). Social media: 2,000 views, 1,200 video views, 175 engagements, 80 link clicks; 8.7 per cent engagement rate. Less engagement than the Transformation report, possibly due to familiar messages. Posts/shares by COSLA and some councils.
- **The 2023/24 audit of Clackmannanshire Council: Continued late reporting of audited accounts** *(01 July)*
  - *Coverage:* Very little coverage – STV and local and specialist news media only, some of it at the time of the meeting.
  - *Engagement:* 440 downloads in July. Social media: 1,600 views, 95 engagements, 50 link clicks, 6 per cent engagement rate. As expected given the nature and timing. Good activity on LinkedIn.
- **Best Value: Inverclyde Council** *(09 July)*
  - *Coverage:* Relatively high, including BBC News website and local and specialist news media. No broadcast coverage.

- *Engagement:* 290 downloads in July. Social media: 1,800 views, 60 engagements, 10 link clicks, 3.2 per cent engagement rate. Unsurprisingly low given the timing. Shared by the council.

Media and Parliamentary monitoring

4. The Local Government Information Unit (LGIU) published an article by Jennifer Henderson: Accounts Commission: building financial sustainability through service redesign. Linked to the Transformation thematic report, the article highlights the need for ambitious transformation, collaboration and community engagement to deliver sustainable services, and explores how councils can learn from each other to improve outcomes and efficiency.

5. The Commission was mentioned twice in Parliament in June:

- During Portfolio Questions on Health and Care, Cabinet Secretary Angela Constance was asked what action is being taken to protect services in light of a projected £457 million funding gap. Ms Constance referred to increased funding, and cited austerity, Brexit and the cost-of-living crisis as causes of increased costs.

- In First Minister's Questions from backbench MSPs, Iris Duane (Green) highlighted Glasgow City Council's budget shortfall of £86.7m. John Swinney noted a real-terms increase in funding for local government, competing budget priorities and planned engagement as part of the upcoming budget-setting process.

6. The Commission and its reports have been mentioned in a handful of recent written Parliamentary questions (all of which have been answered or will be before the Commission meeting), on the following subjects:

- Ring-fenced or otherwise directed funding

- Addressing large budget gaps

- The Inverclyde Council Best Value report (two questions)

- The Clackmannanshire Council section 102 report.

7. Other recent mentions of the Commission include the following:

- The Additional support for learning report was cited in a series of articles in the Herald, including on dozens of schools reporting ASN rates over 70 per cent, analysis by James McEnaney on the impact on schools, and charities calling for increased investment.

- The Tackling digital exclusion report was cited in the Scottish Government's Equality Impact Assessment of MyCare.scot (Background and Key Findings sections).

Scottish Government and Parliament updates

8. Cabinet Secretary for Public Service Reform, Ivan McKee, reiterated the Scottish Government's intention to reduce the number of public bodies and the size of the civil service as part of its reform plans. Mr McKee also highlighted a need to modernise systems and processes and reduce duplication. The SNP manifesto pledged to:

- move Transport Scotland's functions into the Scottish Government
- amalgamate a number of Commissioners following the previous Finance Committee's report on Scotland's Commissioner landscape
- "explore" bringing together Registers of Scotland and National Records of Scotland
- bring forward a Public Service Renewal Bill in the first year of the Parliament; outline plans are expected soon after the end of recess.

9. The Scottish Government has opened a consultation on its proposals for two new Council Tax bands for high-value properties – a so-called 'mansion tax'. Ministers say the proposed new rates will:

- take effect from April 2028
- affect an estimated 15,000 properties – 1 per cent of housing stock
- raise £12-16 million a year – up to 0.45 per cent of current Scotland-wide Council Tax revenue
- generate revenue that will be distributed between local authorities in a way that is to be agreed with COSLA.

10. The Scottish Government has commissioned an independent review into "anomalous" business rates increases after a revaluation saw large rises for some. The review will also look at the role of assessors and seek to increase the capacity for appeals. Meanwhile, an ongoing review of the valuation of licensed hospitality premises appears to have stalled after the Chair, BJ Gill KC, resigned after being appointed Solicitor General.

11. The Scottish Parliament elected conveners and agreed other members of all of its committees. The Social Justice, Housing and Local Government Committee consists of the members listed below. Our media monitoring partner DeHavilland produced this helpful guide *(PDF link)*.

- Craig Hoy (Convener; Conservatives)
- Thomas Kerr (Deputy Convener; Reform)
- Steven Bonnar, Gary Bouse, Kate Campbell (SNP)
- Mark Griffin (Labour)
- Morven-May McCallum (Liberal Democrats).

12. The Finance and Public Administration Committee and the new Public Service Reform Committee each opened calls for views as part of their respective pre-budget scrutiny for 2027/28. Audit Scotland responses to both were being drafted at the time of writing this report (with Commission support team input) and the deadline for both is Friday 14 August. The responses will be published via the Scottish Parliament website soon.

UK Government and English local government updates

13. Andy Burnham became Prime Minister having vowed to decentralise power in Scotland as part of broader plans to enhance devolution across the UK. This was echoed by Douglas Alexander, Secretary of State for Scotland, who also said he was "very open" to the concept of regional mayors. BBC News looked at whether Glasgow could be the first area in Scotland to have an elected mayor.

14. On 31 July, the Cabinet Office published a major policy paper on Rewiring the State, which appears to put the broad policy intent into action in England. This analysis by the LGIU looks at the proposals in detail. The statement proposes the following, with more specific details to be provided in a full white paper alongside the UK Budget in late October:

- Every area in England to be covered by a Strategic Authority (SA) by the end of 2027 (there are currently 20 SAs – covering two thirds of the population – of which 18 have mayors).
- Boundaries to be aligned (one-to-one or one-to-many) between SAs, regional police forces, fire services and Integrated Care Boards, and local police units to align with council boundaries, by July 2029, to support a “single coherent system” of public services.
- All regional mayors in England to retain a share of income tax and business rates revenue from April 2028, and more local councils and SAs to retain a greater share of locally-generated business rates from April 2027 (some areas already have full retention).
- More powers for regional mayors – including over local public transport, housing and planning, employment and training support for young people, and local economic development – as well as deputy mayor roles with responsibility for key public services.
- Chief Executives of mayoral SAs to become Local Accounting Officers, with a strengthened role for the Local Audit Office.

15. Meanwhile the next phase of local government reorganisation in England was announced. A total of 134 district and county councils will be replaced with 38 unitary authorities across 14 areas in England. The new authorities are due to be up and running by 2028. However, there are concerns about the pressure this – and the wider reforms outlined above – will place on already-stretched councils and the impact on services and outcomes for residents. LGIU has analysed the changes in detail.

Local government finance issues

16. Councillors who do not return after the 2027 elections will not receive severance payments as had been proposed. Cabinet Secretary for Finance and Local Government, Jenny Gilruth, said a severance scheme introduced next year would be “rushed” and more time is needed to develop it. The scheme was recommended by the Scottish Local Authorities Remuneration Committee in 2024 and would bring councillors in line with what is already available for MPs and MSPs. COSLA said it was “profoundly disappointed” by the decision, which it said is a departure from efforts to remove barriers to elected office and increase diversity.

17. The cost of some much-needed school replacements has more than doubled, with the Learning Estate Investment Programme (LEIP) now set to cost councils a collective £650 million more than originally estimated. Under the LEIP, councils fund the building of new schools and are reimbursed by the Scottish Government over a 25-year period if they meet set criteria. Rising costs and delays together with changes in scope or other complications are cited as contributing factors. Meanwhile, some rural and island school projects are subject to cost increases of up to £2 million a year due to a ‘regional multiplier effect’.

18. There have been various stories in recent weeks relating to council tax collection and arrears. For example:

- The latest official Council Tax Collection Statistics reveal a very slight dip in the in-year collection rates, from 95.5 per cent to 95.2 per cent, with £3.227 billion collected out of £3.389 billion billed. Scotland-wide collection rates have remained steady at between 95 and 96 per cent for the past decade except during the pandemic.

- Glasgow City Council is owed more than £45 million in unpaid council tax for the last two years while East Lothian Council is owed more than £860,000 in unpaid council tax from its own employees.

- East Lothian and South Lanarkshire councils wrote off over £1 million and almost £500,000 respectively in bad debts, largely due to debtors having died, gone bankrupt or ceased trading.

- Owners of long-term empty homes in Perth and Kinross – including the council itself – face a 300 per cent charge on their council tax effective from 1 July.

19. There were several further updates in relation to the visitor levy:

- The levy came into effect in Edinburgh, with five per cent being added to the cost of stays (up to the first five nights) from 24 July. The council has set out the range of initiatives it intends to invest the revenue into, including housing, infrastructure and events.

- Argyll and Bute Council agreed to open a consultation on a flat-rate levy, less than a year after it halted plans for a percentage charge. Meanwhile Highland Council, which had also put plans on hold, says it will work with the tourism industry to “co-design” a scheme.
- East Lothian Council opened a consultation on proposals for a five per cent visitor levy on stays in its area, while Perth and Kinross Council also voted to consult residents later this year.
- However, East Dunbartonshire Council unanimously decided against the introduction of a visitor levy.

20. Other council-specific finance stories in recent weeks included:

- Highland Council has agreed plans to establish a Highland Wealth Fund to create a lasting legacy from renewable energy development and support long-term benefits for communities across the region. Meanwhile the council was criticised for spending Whole Family Wellbeing funding on operational costs, or not spending it at all.
- Shetland Islands Council has agreed a financial plan for the next five years with an annual savings target of £11 million. Meanwhile the council made £47 million from its investments in 2025/26 – but needed to draw the same amount from reserves for spending.
- North Lanarkshire Council is considering legal action against the Scottish Government after the decision to halt the replacement of Monklands Hospital, as it has incurred “considerable costs” on land assembly and planning for a £185 million link road.
- Angus Council is using almost £1 million of its reserves to bring in temporary staff to speed up priority projects, as part of a three-year reserves strategy agreed alongside its 2026/27 budget.
- City of Edinburgh Council recorded a £32 million underspend in its unaudited accounts for 2025/26, boosted by £25 million in legal settlement income likely to be related to the trams project; £6 million of a £9.28 million service underspend was set aside to create a homelessness services-related risk contingency.
- North Ayrshire Council agreed to use a £1.5 million underspend to deliver additional investment in street cleaning – after a proposal to provide a £25 council tax rebate to each household was dropped.

Other updates

21. It was reported that the Forth Valley's three local authorities are to work together in areas such as roads and housing in a bid to save money and protect services. Stirling Council has agreed to join up with Falkirk and Clackmannanshire, and they are in the early stages of several projects.

22. South Ayrshire Council has decided not to join a new shared economic development service being created by East Ayrshire and North Ayrshire councils, despite continuing wider discussions on shared services across Ayrshire. But the three Ayrshire councils are joining forces with the local tourism sector on a project to strengthen the area's visitor economy.

23. There have been a few developments regarding council chief executives over the summer:

- The chief executive of Aberdeen City Council, Angela Scott, has been appointed as the new principal and vice-chancellor of the University of Dundee, and will take up post in October.

- There has been further reporting regarding the absence of Orkney Islands Council's chief executive, Oliver Reid. Four directors are currently covering the role on a monthly rotational basis.

- East Ayrshire Council announced that its chief executive, Eddie Fraser, has retired due to family commitments. Joe McLachlan, former Director of Finance and Digital, has assumed the role until October 2027, while David Mitchell has become Depute Chief Executive in place of Richard Grieveson, who had become unavailable alongside Mr Fraser at the end of May.

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

- Scottish Government:
  - Scottish Parliament Information Centre (SPICe): Public Service Reform: an overview
  - Scottish Government: Scottish Budget - piloting an approach to identifying preventative spend: pilot results
  - Fraser of Allander Institute: Preventative spending in Scotland: The results of the Scottish Government budget tagging pilot
  - Scottish Government: Scottish Social Attitudes Survey 2025 – key points
- Scottish local government:
  - Improvement Service (IS): Modelling demand for local government services *(summary of a full report)*
  - LGIU: Rethinking the intermediate tier in Scotland
  - LGIU: Why local government and the voluntary sector need stronger partnerships *(by Anna Fowlie, Chief Executive, SCVO)*
  - LGIU: Interview with Pippa Milne, Chief Executive of Argyll and Bute Council
  - IS: Transformation programme progress report April 2026

  - COSLA: Local democracy and why it matters *(by Cllr Steven Heddle, COSLA Vice President)*
- Poverty and inequality:
  - SPICe: New Scottish constituency-level child poverty dashboard
  - University of Glasgow: Scottish Child Payment is reducing child poverty - but more investment is needed to help children thrive
  - LGIU: Public Health Scotland's partnership approach to reducing health inequalities *(by Michael Kellet, Public Health Scotland)*
  - IS: New briefing: Place and wellbeing outcomes and child poverty in Scotland
  - IS: New briefings highlight Glasgow’s pioneering work to tackle child poverty through public service reform
  - Scottish Government: The cost of remoteness: Reflecting higher living costs in remote rural Scotland when measuring fuel poverty
  - Joseph Rowntree Foundation: Pride in Place: the scale of the challenge in Scotland
- Other service areas:
  - Scottish Government: Scottish National [Climate] Adaptation Plan: annual report 2025 to 2026
  - LGIU: Preventing homelessness in Scotland: can Ask & Act help address the housing emergency?
  - LGIU: Planning for more homes: what are the options for Scotland?
  - LGIU: Explainer: Adult social care in local government
  - LGIU: Explainer: Children’s services in local government
  - SPICe: Promoting healthy ageing in Scotland
  - Auditor General: Post-school education and skills reform
- Local government in England:
  - LGIU: No government can deliver long-term growth without ambitious fiscal devolution *(report from an inquiry run by a Westminster All-Party Parliamentary Group)*

Conclusion

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

ACCOUNTS COMMISSION

Chair's update

Item 7

Meeting date:
13 August 2026

Chair of the Accounts Commission

Purpose

1. This report provides an update on the engagements and work of the Chair of the Accounts Commission since the Commission met last 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)
- 29 June – Local Government Budgets 2026/27 Bulletin sponsors' debrief, with Alison Cumming, Helena Gray, and Blyth Deans
- 29 June – section 102 report on Clackmannanshire Council's late audit – media preparation, with Joanna Mansell
- 11 August – Accounts Commission August meeting preparatory session with Andrew Burns (Deputy Chair), Joe Chapman (Policy Manager), Helena Gray, Sarah Watters and Lee Ovens

Audit Scotland engagement

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

External engagement

- 23 June – Place Directors and Community Planning Charter Launch event hosted by Scottish Government and COSLA
- 21 July – meeting with David Martin, Independent Panel Member for forthcoming Accounts Commission recruitment
- 21 July – appraisal with Ellen Leaver, Acting Director for Local Government and Communities, Scottish Government
- 11 August – introductory meeting with Bill Butler, Chair of the new Local Audit Office (for councils in England), and Helena Gray

Forthcoming activities

- Regular meetings with Sarah Watters, Helena Gray and Lee Ovens
- Regular meetings with Stephen Boyle, Vicki Bibby and Alison Cumming
- Date TBC – follow-up visit to Clackmannanshire Council, following their Section 102 report, considered at June's meeting
- 13 August – Future Public Audit Model discussion with the Commission's Sounding Board
- 13 August – Accounts Commission recruitment information session (in person and online)
- 17 August – introductory meeting with Craig Hoy MSP, Convener of the Scottish Parliament's Social Justice, Housing and Local Government Committee, supported by Sarah Watters
- 21 August – Best Value report follow up visit to Inverclyde Council, with Ruth MacLeod (Commission member) and Sarah Watters
- 25 August – Extraordinary Audit Scotland Board meeting
- 03 September – National Self-Evaluation Framework overview, with Alastair Delaney, consultant, and Lesley Brown, Society of Scottish Chief Executives (Solace), and Commission members
- 03 September – Audit Scotland Audit Committee meetings
- 03 September – introductory meeting with the new Board Chair for Audit Scotland, Bruce Cartwright
- 10-11 September – Solace Scotland conference, Oban
- 15 September – Accounts Commission recruitment shortlisting discussion
- 16 September – Accounts Commission September Strategy Seminar

Conclusion

2. The Commission is invited to:

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

ACCOUNTS COMMISSION

Local Government Benchmarking Framework (LGBF)

Key themes from 24/25 national overview report and supporting improvement

Item 8

Director for the Commission and Audit Director, Performance Audit and Best Value

Meeting date: 13 August 2026

Purpose

1. This report sets out a summary of the report presented to the Commission in April as well as an overview of how the framework is being used to support improvement and potential areas of exploration for the future.

Recommendations

2. The Commission is invited to:

- Note the previous report provided on the LGBF national overview published in 2024/25
- Note the use of the LGBF within councils to support improvement
- Note potential future areas of focus for the Commission in its use of LGBF
- In advance of the meeting, provide an indication of areas of interest for discission with LGBF Board members on 13 August.

Background

3. The LGBF's 2024/25 Overview Report was published on 11 March 2026. It was the 14th edition of the report, representing local government's ongoing commitment to using data to support continuous improvement.

4. In April, the Director provided the Commission with a summary (in private) of the national report including this year's key messages, areas of significant improvement or deterioration, persistent challenges and key data trends as they relate to the Commission's current work programme, in particular:

- **Housing** – increase in ratio of financing costs to Housing Revenue Account revenue, significant capital vulnerabilities, housing repairs performance decline, and housing quality declining since base year.

- **Health and social care** – modelling of actual and required gross spend shows a growing gap (Figure 4 within the report). Underlying demand growth and increasing complexity driving a sharper rise in total hours of care than in the number of individuals supported. Ongoing recruitment and retention challenges, high absence levels, and market instability remain key constraints on delivery capacity.

- **Education outcomes** – ongoing protected spend, steady improvement in primary attainment but overall progress across the system remains uneven, with widening inequalities and falling pupil numbers set against rising levels of need and complexity.

- **Digital** – digital maturity cited as a reason for variations in service performance (as well as differing approaches to innovation redesign and transformation). Housing Peer Collaborative Improvement work surfaced innovations such as environmental sensors, broadband-enabled monitoring and tenant-facing apps but recognised the need for many councils to make smarter use of existing technology.

5. It was agreed in April that Kenneth Lawrie, Chair of the LGBF Board and Emily Lynch, Programme Manager would attend the Commission in August for a fuller, public discussion on the report. Members are asked to review the national report – alongside this report - and indicate in advance of the meeting the areas they would like to discuss with Kenneth and Emily.

Considerations

Sector-led work to demonstrate use of LGBF

6. In March, the LGBF Board discussed how to strengthen the impact of the LGBF. Members agreed that a clearer and more visible evidence base was needed to show how councils are using the framework in practice to inform decision making and drive improvement.

7. Since then, the Improvement Service (IS) has been working with a selection of councils to develop short case studies that clearly demonstrate how the LGBF is being used in practice, focusing on specific and practical examples of how it is being applied to support decision making, improvement, and sharing of good practice. A refreshed set of examples is now available on the LGBF website.

Commission's expectations on use of LGBF within councils

8. The LGBF website states that the framework is "*not an end in itself - it is how it is used within local planning, improvement, change management, scrutiny and reporting activities that matters*". This is an important point as the Commission reflects on how councils are fulfilling the requirements of the new Statutory Performance Information (SPI) Direction for their public performance reporting, applicable from audit year 2025/26.

9. Within the Direction, the Commission expects councils to maximise the use of LGBF as a primary means of facilitating comparisons, alongside or in conjunction with other locally appropriate measures of performance. Councils should be transparent as to why specific measures have been chosen for local benchmarking and performance reporting purposes (including public reporting), particularly where they have chosen not to use LGBF indicators.

10. There may be merit, following the 2025/26 annual audits (the first audit year to which the new Direction applies) to assess the extent to which councils are using LGBF indicators and where they are not, in which services areas and why.

Using LGBF to assess performance and value for money

11. In previous years, the Commission has expressed a desire to produce an output/commentary on the LGBF overview report, seeking to assess overall council performance and value for money. During 2025, it was concluded that more work is required to think about what type of output would add value, to what was already in the comprehensive national report. This could include "joining up" data sets to recognise the wider impact of spending decisions out with the immediate service area e.g. council's expenditure on wider children's services or housing will have an impact on educational attainment gap indicators.

12. From recent audit work, there are some service areas where audit colleagues have found limitations with the LGBF data:

- Spotlight on culture and leisure services – one of the report's key messages was "*Limitations within the LGBF data, beyond attendance and satisfaction indicators, currently makes it difficult to monitor how effectively culture and leisure services are contributing to improving outcomes*". The Commission's expectation is that more work is done in this area by the sector.

- Community health and social care performance 2025 – the report stated that there were limitations of performance information. The report recommended that councils and partners (including IS) assess the current measures for monitoring performance across community health and social care, and address gaps in information to support decision making, benchmarking, and transparent public performance reporting.

13. There is scope, at the outset of all performance audit work, to review LGBF data and to be clearer about how it can and cannot tell us about service performance, and to work with the sector to address data gaps.

Conclusion

14. LGBF board members will attend the Commission on 13 Aug to discuss not only the 2024/25 Overview Report, which was published on 11

March 2026, but how councils are using the framework to support improvement. Members are asked to indicate aspects of the LGBF they would want to discuss at the meeting.

15. The Commission's new SPI Direction demonstrates its commitment to the ongoing use of LGBF in council performance report. The Commission has also expressed a desire to develop further its use of the framework to assess performance and value for money.