

Agenda

Thursday 08 October 2026 10:00am

Audit Scotland office, 102 West Port, Edinburgh
and online via Microsoft Teams
536th 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: East Ayrshire Council	Controller of Audit	10:10
6. Local government policy update	Policy Manager	11:15
7. Chair's update	Chair	11:25
8. Any other public business The Chair will advise if there is any other public business to be considered by the Commission.	Chair	11:35
Break (15 minutes)		11:35

Private session

9. Best Value: East Ayrshire Council [Item to be in private as it requires the Commission to consider actions in response to a statutory report.]	Controller of Audit	11:50
10. Controller of Audit's update [Item to be in private as it requires the Commission to consider confidential policy matters.]	Controller of Audit	12:15
11. Audit contracts [Item to be in private as it requires the Commission to consider confidential policy matters.]	Director of Audit Quality and Appointments	12:25
12. Audit Scotland corporate update [Item to be in private as it requires the Commission to consider confidential policy matters.]	Executive Director of Audit Services	12:35

13. Any other private business

Chair 12:45

The Chair will advise if there is any other private business to be considered by the Commission.

Close of meeting and lunch

12:50

Minutes

Thursday 17 September 2026 10:00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
535th meeting of the Accounts Commission

Present:

Jo Armstrong (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
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
Tom Reid – Partner, Forvis Mazars (*Items 5 & 9*)
John Cornett – Executive Director of Audit Services (*items 11 & 14*)
Paul O'Brien – Director of Quality and Support (*items 12 & 13*)
Anne Cairns – Manager, Innovation and Quality (*Item 14*)

1. Apologies for absence

There were no apologies received or required from members.

2. Declarations

Malcolm Bell, Nichola Brown, Carol Evans, Jennifer Henderson and Angela Leitch declared connections with item 13 due to their respective roles at audited public bodies. Having sought advice from the Director and Ethics Partner they did not consider their connections material and therefore would remain in the meeting and participate in the discussion of this item.

3. Order of business

It was agreed that items 9 to 15 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meeting

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

- Consultation on the 2027/28 Code of Practice for Local Authority Accounting in the UK – item 12 on today's agenda addresses this
- Clackmannanshire Council audit recovery plan – the council discussed resourcing at a special Council meeting on 10 September, and an update will be provided during the Controller of Audit's report on today's agenda

5. Best Value: West Dunbartonshire Council

The Commission considered the Controller of Audit's Best Value report on West Dunbartonshire Council. Discussion explored the following themes:

- Financial sustainability
 - Medium-term financial planning – assumptions include flat-cash Scottish Government funding, a 3 per cent pay award, pension contributions, inflation, and fees and charges. No assumption is currently made in relation to council tax
 - Transformation – activity is captured and embedded within the council's medium-term planning. Savings are reported through financial updates to full Council. Reporting focuses on individual projects at service level; no consolidated overview of activity
 - Integration Joint Board (IJB) – effective budget control, 93 per cent of planned savings and service redesign efficiencies either achieved or on track. Unearmarked reserves increased to £4.8 million, exceeding 2 per cent target. Forecast budget gap of £8.6 million in 2027/28 and £12.4 million in 2028/29 after planned savings and management actions have been applied
 - Reserves – unaudited 2025/26 accounts indicate an increase, largely attributed to lower than forecast loan charges and increased income from council tax and government funding
 - Savings – strong track record of planning and delivering savings. Regular reporting to elected members, with savings proposals in advance of budget-setting meetings
 - Borrowing – higher than average, council closely monitors associated risks, including borrowing costs and interest rates, to assess affordability and viability of capital projects
 - Housing Revenue Account (HRA) – just under 50 per cent of council's borrowing. Internal review concluded borrowing level is affordable based on interest rate projections. Work underway with external support to develop 30-year HRA business plan
 - Audit and scrutiny – Audit Committee chaired by an opposition member. Previous concerns about senior officer attendance have been addressed – senior managers now regularly attend
- Transformation

- Delivery – transformation activity is embedded throughout the council. Reporting largely focuses on financial savings and efficiencies rather than wider outcomes
- Capacity – auditors recommended increased capacity to support delivery of transformation objectives. The council subsequently secured Scottish Government Invest to Save funding to provide additional transformation resource
- Member oversight – reporting to elected members focuses on budgets and savings. The council has committed to reviewing transformation reporting to provide a clearer overview of activity
- Workforce
 - Sickness absence – 2025/26 data shows improved attendance and reduced absence across most categories. Council focusing on return-to-work processes and has commissioned an internal audit review of sickness absence management for 2026/27
 - Hybrid working – the council reviews employee feedback to assess the impact of hybrid and flexible working on staff satisfaction. Service outcomes are monitored through wider performance reporting arrangements
 - Savings – impact on services would be monitored through performance reporting. Services have reviewed workforce requirements and opportunities to deliver services differently, including staff redeployment and Fit for the Future reviews, which incorporate community engagement
- Community engagement
 - Open Forum – enables public to submit questions ahead of full council meetings, and receive a response from the relevant elected member
 - Citizens Panel – over 1,000 members engaged with twice a year, provides comparative data on service satisfaction and the experience of living in West Dunbartonshire
 - Telephone survey – the council conducts an established telephone survey with residents. Members noted the positive satisfaction levels reported
- Performance and improvement
 - Good practice sharing – senior officers are part of the range of professional networks where they can share good practice with other councils
 - Pace of improvement – good track record of delivering savings and improvement activity, but now needs to set out how it will address future budget gaps and the decisions required to do so
 - Partnership working – positive examples include anti-poverty initiatives, shared internal audit with Inverclyde and East Dunbartonshire, and net zero collaboration with Glasgow City Council, but auditors highlighted opportunities to build on these in other service areas
- Annual accounts and audit
 - Accounts delays – 2024/25 financial statements were signed off August 2026, audit adjustments were high in first two years of

the audit cycle but by 2024/25 these were greatly reduced to isolated adjustments

- Capacity and capability – auditors have no concerns over capacity or capability of finance team, early audit adjustments reflected the challenges of a new audit cycle. Financial statement quality and reporting have improved over the course of the audit appointment
- Timescales – 2025/26 Annual Audit Plan has been presented to the council's Audit and Scrutiny Committee; target of February 2027 for sign-off of the accounts and annual audit report.

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.

The following points were raised during discussion:

- Public Service Reform (PSR) – ongoing Scottish Government engagement on PSR, with further updates expected at the October meeting
- Devolution and local government reform – Developments in devolution proposals and local government reform in England were highlighted as areas of strategic interest
- Education policy developments – ongoing financial implications for councils of national policy commitments, including teacher numbers, breakfast clubs and after-school care.

Following discussion, 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:

- Clackmannanshire Council follow up visit – resourcing for its audit recovery plan was approved by the council prior to the Commission's follow-up visit to Clackmannanshire on 14 September. Assurances were received from the council and auditors regarding progress on the 2024/25 audit
- Solace conference – this provided an opportunity to engage with key stakeholders, including Chief Executives, and gain insights into challenges facing local government and their views on PSR
- Member recruitment – shortlisting for new Commission members has been completed, with interviews scheduled for early October

- Deputy First Minister – an introductory meeting is scheduled to take place on 23 September

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

8. Any other public business

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

9. Best Value in West Dunbartonshire Council

The Commission considered its response to the Controller of Audit's report on Best Value in West Dunbartonshire 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 06 October 2026.

10. Controller of Audit's update

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

Helena gave an overview of her audit delivery update, noting that many of those which are late are due to be signed off by the end of 2026.

During discussion, the following points were raised:

- Clackmannanshire Council - work is well underway to get 24/25 unaudited accounts to auditors by October as set out in the audit recovery plan
- Audit adjustments – noting the adjustments required to accounts that are given an unqualified opinion, and consideration of the volume and scale of adjustments required
- Delayed audit timelines – delays are less significant this year than last year, there is potential to include a recovery timeline in future audit delivery updates

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

11. Audit Scotland corporate update (including update on Local Audit Office and reporting developments)

The Commission considered an update by John Cornett, Executive Director of Audit Services. John highlighted a number of key areas of interest:

- Local Audit Office (LAO) for England

- Update on engagement with the LAO – including discussions on future collaboration with Audit Scotland, the Accounts Commission and Audit Wales, the transfer of regulatory responsibilities from the National Audit Office, and the importance of maintaining a consistent UK-wide approach to audit standards and guidance
- Public audit – opportunities for sharing knowledge and expertise, improving transparency around contracting arrangements, and supporting the future development of public audit
- Quality assurance – the LAO is considering the use of the Institute of Chartered Accountants in England and Wales (ICAEW) to provide their external assurance
- Local government financial reporting developments – John provided an update on work to simplify financial reporting, including engagement with Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC), the Ministry and Housing, Communities and Local Government and Scottish bodies to reduce the complexity of financial reporting and audit delivery.

The Commission **noted** the report.

12. Consultation on 2027/28 local authority accounting code

Paul O'Brien, Director of Quality and Support, provided an overview of a consultation on proposed changes to the Code of Practice on Local Authority Accounting (the accounting code) and invited the Commission to consider areas it would wish to respond to in addition to the Audit Scotland response. Paul highlighted the following areas of interest:

- some proposed reforms are intended to come into effect in future years but Audit Scotland's response pushes for the changes to come in for 2027/28 and is engaging with other consultees on the issue of the pace of changes
- proposal in the Audit Scotland response for the Commission to be recognised as a primary user of accounts in addition to elected members
- paper suggests areas that could be covered in a supplementary letter from the Commission to provide its perspective alongside the full response from Audit Scotland
- primary objective is not to save time in audit, but to improve financial reporting – although this is difficult to quantify.

During discussion a number of points were raised:

- Reporting reform – members expressed support for progressing financial reporting reform at pace and discussed the practical implications of proposed simplification measures for local authorities

- Accounts Commission response – members agreed that a supplementary response be prepared, supporting delivery, with pace, of the broader 'Better Reporting' project on simplification, of which the draft Code is the first stage
- The Chair and members requested a further discussion on the financial reporting simplification agenda to aid in informing the Commission's position.

Action: Director for the Commission to convene a sub-group in September with Paul O'Brien, John Cornett, Helena Gray, Jo Armstrong and Derek Yule to discuss an appropriate response from the Commission.

Following consideration, and subject to the outcome of the sub-group discussions (as per action above), the Commission:

- **Noted** the contents of the report
- **Agreed to** provide a Commission response and **delegated** sign off to the Accounts Commission Chair
- **Noted** that the Chair and Controller of Audit are separately providing feedback on CIPFA/LASAAC's performance and engagement with the sector.

13. Guidance on planning 2026/27 annual audits

Paul O'Brien presented a paper, which asked for the Accounts Commission's approval to formally consult with audit providers on guidance to assist them plan the 2026/27 annual audits.

A number of key points were raised during discussion:

- Best Value – members queried the table setting out Best Value themes and wider scope areas, including if transformation is adequately reflected across both areas. It was confirmed that the table reflects the current themes as set out in the Best Value Statutory guidance
- Data and Information Best Value Thematic – members discussed challenges associated with legacy digital systems. The thematic audit questions have been agreed by the Commission, and members were assured that systems are covered in the supplementary guidance.

Following discussion and consideration, the Commission:

- **approved** for consultation the draft of the guidance on planning 2026/27 annual audits
- **delegated authority** to the Commission Chair to approve the publication of the final guidance (assuming no significant changes arise from the consultation process)

14. Housing Benefit performance audit – future proposals

John Cornett and Anne Cairns, Manager, Innovation and Quality, presented a paper which considered Audit Scotland's specific housing benefit (HB) performance audit activity and recommends that this work is discontinued in its current form, given significant reductions in HB services due to reductions in caseload. Financial audit teams will continue to identify concerns as part of their annual audit work, and the Controller of Audit is able to undertake a statutory report where there is an area of concern identified.

Following discussion, the Commission **agreed** that Audit Scotland should discontinue Housing Benefit performance audit work.

15. Any other private business

Jo Armstrong raised the following points of interest:

- Jo welcomed Shania Fong to the role of Modern Apprentice in the Commission Support Team
- Jo acknowledged that Ruth MacLeod will now be departing the Commission when her first term ends at the end of October, and wished her well in her new full-time role.

Close of business

There being no further business, the meeting closed at 12:55pm.

Accounts Commission Action Tracker
As at: 30 September 2026



Action No.	Date	Action	Action for	Assigned to	Timescale	Progress	Status	Date complete
26/021	17-Sep-26	2027/28 Code of Practice for LA Accounting in the UK - consultation Director for the Commission to convene a sub-group in September with Paul O'Brien, John Cornett, Helena Gray, Jo Armstrong and Derek Yule to discuss an appropriate response from the Commission.	Director for the Commission	Sarah Watters	Sep-26	Meeting held on 23 Sep and decision taken to only submit a letter from Commission and Controller of Audit, referring to the technical Audit Scotland response done on their behalf	Complete	25/09/2026

Best Value: East Ayrshire Council

Item 5

Director for the Accounts Commission

Meeting date:
08 October 2026

Purpose

1. This paper introduces the Controller of Audit's report on Best Value in East Ayrshire Council, which has been produced following the 2025/26 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 looked at as part of 2025/26 audits is asset management – how well councils are managing assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change. The CoA's report also draws on this work.

6. The Best Value thematic report and the AAR for East Ayrshire Council were presented to the council's Governance & Scrutiny Committee on 5 March 2026 and 24 September 2026 respectively.

The Controller of Audit's report

7. The report on Best Value in East Ayrshire 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 East Ayrshire Council on 30 September 2026. 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 27 October 2026, with the previous day being held for any media interviews. Either Jo Armstrong or Andrew Burns will front the media for this report, depending on availability.

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

Conclusion

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

Best Value

East Ayrshire Council

ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
October 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

487	Square miles
121,480	Population
31.29%	Proportion of all data zones in East Ayrshire that are within the 20 per cent most deprived in Scotland, according to Scottish Index of Multiple Deprivation (2020)
6444	Workforce (headcount)
32	Elected members 14 Scottish National Party, 8 Scottish Labour, 4 Conservative, 5 Independent & 1 Rubbish Party (Minority SNP administration)
£18.0m	General Fund budget gap projected over 2026/27 to 2027/28
£437.4m	Net revenue budget 2025/26
£125.8m	Capital budget 2025/26 £80.8 million general services and £45.0 million housing services, as approved in February 2025

Controller of Audit report

1. This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973. It is based on evidence collected in the annual audits of the council from 2022/23 to 2025/26, with the latter reported in September 2026. [Appendix 1](#) includes links to annual audit reports since 2022/23 and [Appendix 2](#) includes a link to the Best Value Statutory Guidance.

2. The reporting of Best Value is undertaken through the annual audit of each council and includes detailed work focusing on a Scotland-wide theme. The Best Value theme for 2022/23 was councils' leadership of the development of new local strategic priorities while the 2023/24 theme focused on workforce innovation. The theme for 2024/25 was transformation and how councils are redesigning and delivering services to achieve planned outcomes. The theme for 2025/26 was asset management.

Pace of continuous improvement

3. Auditors' 2022/23 Best Value thematic report on leadership recognised that the council had a long-established culture of self-assessment and improvement covering both services and governance arrangements. The council developed and implemented an East Ayrshire Self-Assessment Model in 2021/22 (based on Best Value criteria) as a framework for services to assess their strengths and identify areas for improvement. The council carried out a number of service reviews using the model and incorporated actions into service improvement plans for 2021-24. Updated service improvement plans are in place for 2024-27, with mid-point reviews presented to elected members over August and September 2026.

4. At a corporate level, the council completed a council-wide strategic assessment against Best Value criteria in 2022/23 to inform the Strategic Plan 2022-27. A number of actions were developed as a result, including maximising the use of the electronic performance management system, further strengthening public performance reporting, delivering commitments in the council's climate change strategy, and mainstreaming the use of the council's equality impact assessment tool.

5. In terms of the council's response to Best Value recommendations, the 2025/26 annual audit report noted that the pace and depth of improvements is positive, with many actions taken quickly after recommendations were reported. Of the 13 recommendations made in Best Value thematic reports since 2022/23, the council has implemented ten and partially implemented three.

Best Value Assurance Report (BVAR) follow up

6. The council's last full BVAR was in 2018. It concluded that the council had strong leadership, a clear vision for what it wanted to achieve, and commitment to empowering its residents. Overall performance was improving, and residents were satisfied with council services. Meanwhile, the council was facing a substantial budget gap. It had developed a transformation strategy to address this, but recognised that it had a lot to do to implement this in the planned timescale.

7. The 2018 BVAR made five recommendations. The council approved a Best Value Improvement Plan to address these and reported progress to its Governance and Scrutiny Committee annually until 2021. The council completed all five recommendations. Subsequently, the 2022/23 Best Value thematic report on leadership noted that the council had continued to make good progress in the areas of the five recommendations from the BVAR.

Vision, leadership and governance

8. The East Ayrshire Community Plan 2015-30 outlined an overarching strategic plan with three-year planning cycles. The council's Strategic Plan 2022-27 and Local Outcomes Improvement Plan 2024-27 are aligned with the overall community plan.

9. The council has well-established governance arrangements, which support effective scrutiny, challenge and decision-making. There is effective collaboration between elected members and with officers, with cross-party working facilitated through the council's Sounding Board. This is a forum for informal cross-party discussions on emerging policy or operational issues. Its membership comprises the leader and deputy leader of each of the three largest political groups within the council.

10. The council put arrangements in place to manage a number of changes in senior leadership during 2026. There were unforeseen (and unrelated) absences in the Chief Executive and Depute Chief Executive posts from May 2026, with the retirement of the former Chief Executive subsequently announced in June 2026.

11. On 27 May 2026, the leaders and deputy leaders of the three largest political groups at the council agreed to appoint existing council officers to the Chief Executive and Depute Chief Executive roles on an acting basis with immediate effect. At the next council meeting on 25 June 2026, it was agreed to extend these arrangements until October 2027 (or, in the case of the Depute Chief Executive, until their return if earlier). The council also agreed backfill arrangements for the roles left vacant by the temporary arrangements in its June 2026 meeting.

12. The acting Chief Executive was formerly the council's Director of Finance and Digital and section 95 officer. As part of the backfill

arrangements agreed at the June 2026 council meeting, the Assistant Director of Finance was appointed Head of Finance and section 95 officer on an interim basis.

13. The Director of Health and Social Care also left the council in June 2026. Interim arrangements were put in place, including the appointment of the Head of Locality Health and Care Services as Acting Director of Health and Social Care.

Citizen and community engagement

14. The council has shown its commitment to listening to communities' views and can demonstrate how it has reflected these in its plans.

15. The council developed its strategic priorities through sustained engagement with communities. It established a working group from across the council and Health and Social Care Partnership to look at previous feedback and engagement when developing its strategic plan and priorities for 2022-27. It then gathered feedback on the proposed strategic priorities from community organisations and residents. Within the approved Strategic Plan 2022-27, the council's focus on and commitment to working with communities is evident.

16. The council engages with citizens annually on its budget through an online survey, and also held consultation events to inform 2024/25 and 2025/26 budget setting. Budget engagement focuses on getting communities' views on strategic priorities and which services are most important. The results are reported to elected members as part of the budget setting process. The 2024/25 Best Value thematic report on transformation noted that the allocation of savings between services in the budget reflected the consultation results.

17. The council's community engagement activities are supported by the Vibrant Communities team, which transferred from the council to its Leisure Trust (Ayrshire 360) in 2025/26 and works across all council services, partners and community groups. This team supports delivery of community action plans, community asset transfers, participatory budgeting, and local place plans. The council also has an equalities forum, which comprises representatives for all protected characteristics, elected members, council officers, and partner representatives. The forum's role has included providing views on strategies, budgets, and service reviews.

Effectiveness of performance reporting

18. The Accounts Commission published its new version of the [Statutory Performance Information \(SPI\) Direction](#), which took effect from April 2025. Auditors concluded the council has appropriate arrangements for complying with the new SPI Direction, with no significant non-compliance reported. Auditors noted some minor improvement actions to enhance reporting arrangements.

19. The council has effective and well-established arrangements for performance management and reporting with regular and detailed updates presented to elected members through various mechanisms under a revised performance management framework. The framework was revised in response to a recommendation in the 2022/23 annual audit report. The council updated its performance reporting to provide a clearer link to strategic priorities.

20. Arrangements for reporting performance to committees are well established and include:

- East Ayrshire Performs – the council reports on financial position, workforce, the capital programme and digital through quarterly East Ayrshire Performs reports to Cabinet and the Governance and Scrutiny Committee.
- Performance indicators (PIs – the council uses 56 indicators, endorsed by the Governance and Scrutiny Committee, to support scrutiny. These are a mix of Local Government Benchmarking Framework (LGBF) data and other comparative PIs, reflecting the 2024 SPI Direction.
- LGBF – information is reported to the Governance and Scrutiny Committee, highlighting comparative performance with other councils, providing an explanation for lower-quartile indicators and detailing any improvement actions the council intends to take.

21. The council reports comprehensively on LGBF information, demonstrating its commitment to reviewing areas where performance is comparatively low. In its April 2026 update to the Governance and Scrutiny Committee on 2024/25 LGBF performance, areas where performance reduced within the fourth quartile were accompanied by an explanation and improvement actions.

22. The refreshed framework provides a structure for the council's online performance page, which incorporates Power BI dashboards for East Ayrshire Performs, council performance indicators and LGBF indicators. These have enhanced the presentation of key performance information for communities and elected members.

Reported performance

Council performance reporting

23. The council reported progress against 49 of the 56 available PIs for 2024/25 at the joint meeting of the council and the Community Planning Partnership Board on 11 September 2025 as part of the Local Outcomes Improvement Plan 2024-27 annual report. Commentary on the remaining seven PIs was presented to the Governance and Scrutiny Committee in April 2026. Performance data for all 56 PIs for 2025/26 was presented to

the Community Planning Partnership (CPP) Board in September 2026 and will be presented to the council in October 2026.

24. Progress against the 49 PIs with available data for 2024/25 is summarised below in [Exhibit 1](#). Performance was mixed across the indicators, with almost half improving. However, just under a quarter deteriorated, and just over a quarter remained unchanged. An overall progress status for the remaining seven PIs was not presented so are not included in the exhibit.

25. As part of the Local Outcomes Improvement Plan annual report, the council reports performance against each PI over a three-year period, supporting some trend analysis. However, the report does not include targets, narrative, or improvement actions for indicators categorised as deteriorating.

Exhibit 1

Summary of progress on PIs for 2024/25

	Improving	Deteriorating	Unchanged
Performance Indicator progress	24 (49%)	12 (24%)	13 (27%)

Source: East Ayrshire Council and East Ayrshire Community Planning Partnership Board papers – September 2025

26. The council has incorporated 31 LGBF indicators into its suite of performance indicators, with a breakdown of progress outlined in [Exhibit 2](#) below. The indicators were presented to Council as part of the October 2025 update on the Council Strategic Framework 2022-2027. Overall progress has remained relatively stable, with significant improvement in indicators ranked in the bottom quartile between base year and the most recent year.

Exhibit 2

Summary of progress on LGBF indicators incorporated into the East Ayrshire Council's PIs between LGBF base year and most recent year

Measure	Percentage (no. of indicators) in LGBF base year	Percentage (no. of indicators) in most recent year
Ranked in top quartile	19.4% (6)	22.6% (7)
Ranked in bottom quartile	25.8% (8)	9.7% (3)
Better than national average	38.7% (12)	41.9% (13)
Better than family group average	45.2% (14)	48.4% (15)

Note: Base year varies per indicator.

Source: LGBF dashboard – 14 August 2026

LGBF performance

27. [Exhibit 3](#) provides an overview of changes in all LGBF indicators, as of August 2026, for East Ayrshire alongside the averages for all Scottish councils. This shows a good level of improvement in performance. Of the 108 LGBF indicators, 68 (64 per cent) have improved since the base year, 3 (3 per cent) have remained the same, and 37 (33 per cent) have worsened.

28. The service areas with the highest proportion of indicators improving since base year were tackling climate change (80 per cent), corporate services (79 per cent) and environmental services (71 per cent). In contrast, the areas with the highest proportion of indicators declining were satisfaction indicators (100 per cent), adult social work services (73 per cent) and culture and leisure services (63 per cent).

29. Performance against LGBF indicators in comparison to other councils has remained relatively stable overall. Performance has strengthened for cost and performance indicators and weakened for satisfaction indicators. Fifty-two per cent of indicators were in the top two quartiles in the most recently published data, compared to 44 per cent in the base year. Nationally the council ranks 12th of 32 councils for indicators in the top two quartiles, performing above both the area-based and population-based family group averages for this measure.

Exhibit 3**East Ayrshire Council – LGBF indicator summary August 2026**

Council movements are shown alongside Scotland averages in brackets.

	Cost indicators	Performance indicators	Satisfaction indicators	All indicators
Movement in last year	%	%	%	%
Improved	45 (54)	38 (46)	9 (36)	36 (42)
Stayed the same	15 (9)	27 (22)	9 (9)	23 (18)
Declined	40 (37)	35 (32)	82 (55)	41 (36)
Movement since base year				
Improved	60 (54)	74 (66)	0 (8)	64 (57)
Stayed the same	0 (1)	4 (6)	0 (3)	3 (5)
Declined	40 (44)	22 (28)	100 (90)	33 (38)
Indicators in the top two quartiles				
- Most recent year	75	52	9	52
- Base year	70	36	55	44

Scotland average movements are shown in brackets.

Source: LGBF as of 14 August 2026

Workforce planning**Workforce strategy and plans**

30. The council's Workforce Strategy 2022-27 was developed as part of a strategic framework. It is clearly aligned to a wide range of key strategies including the Strategic Plan 2022-27, the Medium-Term Financial Strategy (MTFS), Digital Strategy 2022 and the Strategic Plan Action Plan. The relationship between these strategies is clear.

31. The council has acknowledged long-term workforce reduction or workforce movement will be required to meet its financial gap identified in the MTFS.

32. The council approved its Workforce Strategy 2022-27 Action Plan in October 2023. This set out six workforce priorities and associated indicators of success. In the 2023/24 Best Value workforce report, auditors reported weaknesses in how workforce priorities are reflected at service level. Although several service improvement plans contain workforce-related actions, the Workforce Strategy Action Plan was finalised after

service improvement plans had been updated, resulting in limited alignment between service improvement activity and the workforce priorities. Work is ongoing to incorporate actions arising from the Workforce Strategy into future service plans, supporting a more consistent approach across services. Mid-year reviews of service improvement plans were presented in August and September 2026.

Flexible working and innovation

33. As part of its 2017-2022 transformation strategy, the council introduced a new flexible working policy with office-based staff allocated to one of four working styles dependent on their role (fixed, flexible, mobile or remote). Staff can request a change of their workstyle with 329 changes recorded as at August 2023.

34. The flexible working arrangements were developed following consultation with staff and trade unions and were informed by workforce surveys and focus groups. A workforce survey conducted in May 2021 with nearly 1,000 respondents concluded staff favoured a blended approach of time spent in the office and working remotely.

35. Impact monitoring to date of flexible working has primarily focused on staff wellbeing, with an organisation-wide employee survey carried out in November 2023 and reported to Council Management Team in March 2024. Employee survey results were generally positive with 82 per cent of respondents reporting that they would recommend the council as a good place to work, 77 per cent reporting being able to balance work and personal commitments and 69 per cent reporting being able to finish work within their normal working day. Feedback was not universally positive, with 26 per cent of survey respondents reporting that they did not feel able to work flexibly, and some staff highlighting feelings of isolation associated with remote working.

36. Auditors concluded in the 2023/24 workforce thematic that the council was unable to demonstrate the full organisational impact of flexible working because it has not measured effects on productivity, service delivery or efficiencies. The council is currently undertaking a desktop review of hybrid working with results and further discussions are expected to take place at Executive Management Team later this year.

Developing future skills

37. The council has taken a proactive approach to addressing future workforce challenges through a range of initiatives designed to attract, develop and retain staff. A dedicated Workforce and Future Skills Team was established in 2022 to deliver projects within the Workforce Strategy Action Plan. The council has recognised the risks associated with an ageing workforce and has set a target for young people to comprise ten per cent of its workforce by 2027. Significant investment has been made through the £6 million Jobs and Training Fund, which supports

apprenticeship, internship and training opportunities across the council and the wider area.

38. The council has also strengthened partnership working to support skills development, working closely with schools, Ayrshire College, Skills Development Scotland and the Local Employability Partnership. Examples of innovative programmes include a pre-apprenticeship pathway for care-experienced and disengaged young people. Alongside this, the council is using the Flexible, Approachable, Caring and Empowered (FACE) Framework and annual FACE Time reviews to develop existing employees, support succession planning and identify future leadership and skills requirements.

Monitoring and impact

39. The council has established governance arrangements to monitor its workforce planning activity, principally through the Workforce Planning Board, its Workforce Strategy Action Plan and quarterly performance reporting via East Ayrshire Performs. The Workforce Planning Board provides strategic oversight of workforce planning across the council. It oversees delivery of the Workforce Strategy, ensures planning is robust and integrated across staff groups, and meets quarterly to monitor workforce needs. Membership includes People and Culture staff, the Head of Corporate Support, the Corporate Finance Manager, service representatives as required, and representatives from the Health and Social Care Partnership. Availability of real-time workforce data has improved with the launch of a workforce dashboard available to all Heads of Service and senior managers.

40. Progress reports to Cabinet and the Governance and Scrutiny Committee monitor key workforce indicators, including absence, vacancies, recruitment, temporary staffing and youth employment. While this gives elected members oversight of workforce pressures, it does not yet show whether workforce planning is having the intended impact. The council has recognised this and plans to develop additional measures, using Improvement Service tools to assess the effectiveness of its workforce planning arrangements for the next workforce strategy covering 2027-2032.

Transformation

Strategy and planning

41. Following the delivery of two five-year transformation strategies between 2012 and 2021, the council has revised its approach and embedded transformation activity into services. Transformation remains a priority in the Strategic Plan 2022-27, but the council no longer has a standalone transformation strategy. The Strategic Plan 2022-27 identifies actions under each of its six priorities but does not define which actions are transformational.

42. Current plans, including the Digital Strategy, Financial Strategy, Workforce Strategy and Service Improvement Plans describe ongoing transformation related activity but do not clearly define an overall transformation programme or separate it from business-as-usual improvement, reducing transparency over scale, scope and intended outcomes.

43. The council's October 2024 Strategic Framework update identifies activity supporting transformational change, including cross-cutting reviews, the Innovation Fund, the Early Intervention and Prevention Fund, the Workforce Strategy, the MTFS and the Data and Analytics Strategy. At service level, the updated strategic framework highlights further drivers of change, including service improvement plans, Best Value service reviews, service redesign, savings identification and digital provision. Arrangements for monitoring the impacts of transformation activity are set out in paragraph 48.

44. In 2024/25, auditors also reported that the council were exploring a Pan-Ayrshire approach with North Ayrshire and South Ayrshire councils. This was with a view to potentially sharing services. Auditors noted barriers to this level of joint working including the siloed approach to funding, governance, reporting arrangements, and differing political make-ups. In early 2026, North and East Ayrshire councils agreed to progress a shared Economic Development Service. Further shared service plans are still in development and will bring both opportunities and risks. Governance of this work is provided by the Pan-Ayrshire Transformation Board, which the council approved in April 2026.

Programme management and delivery

45. Since 2022, the council has had a permanent team overseeing change and project management. The programme management office (PMO) provides project management support for transformational activity in services. Transformation activity is now owned by Head of Services with oversight by the Council Management Team. The council previously had a separate transformation team, led by a Head of Transformation. While this supported earlier transformation strategies, the council recognised that transformation had become viewed as the responsibility of others.

46. The PMO oversees progress against the council's strategic priorities and other workstreams. However, it does not yet provide a consolidated view of transformational activity. The council has developed a reporting framework for the Early Intervention and Prevention Fund with a benefits management approach across five categories (financial, operational, strategic, legal and regulatory, and disbenefits). It will track the progress and realisation of project benefits aligned to the council's strategic priorities. Updates are presented to Cabinet on a twice-yearly basis, most recently in May 2026.

47. The council has been proactive in allocating financial resources to support delivery. Funded through financial flexibilities in relation to service

concession arrangements and a temporary reduction in employer pension contributions, the council created a ten-year Early Intervention and Prevention Fund and Innovation Fund with a value at 31 March 2026 of £37.5 million and £3.2 million respectively. To date, the council has approved the use of £12.3 million of funding from the Early Intervention and Prevention Fund for projects including half-price school meals, Anti-Poverty & Inequalities Strategy, Additional Support Needs holiday cover, jobs and training initiative, speech and language therapy, and wellbeing support.

Impact and monitoring

48. The council has strengthened arrangements to monitor and demonstrate the impact of transformation activity, including introducing a benefits realisation approach in 2022 and incorporating this into the Project Management Framework in 2023. Auditors reported in the 2024/25 transformation report that progress has been slow and there remains limited evidence that anticipated benefits are routinely monitored, reported or evidenced. There is evidence of success criteria in project briefs for cross-cutting reviews, although auditors concluded these were often not as detailed as benefit realisation plans.

49. Transformation examples reviewed by auditors focused on prevention and early intervention and showed some delivery against operational targets, such as the Jobs and Training Fund exceeding its target of 200 career opportunities. Some intended benefits, including cost savings from the Jobs and Training Fund and Fairer Futures Partnership, had not yet been quantified.

50. The 2024/25 Best Value report on transformation identified weaknesses in arrangements for assessing equality impacts. There was limited evidence that Equality Impact Assessments (EQIAs) informed transformation planning, the rationale for not completing full assessments was often unclear, and the council could not demonstrate how equality considerations influenced service redesign decisions. The council has implemented actions including a review of its EQIA toolkit and subsequent introduction of a new Integrated Impact Assessment toolkit and online system, as well as the identification of Equalities Champions and EQIA lead officers in services. Both recommendations are now complete.

Asset management

51. The 2025/26 Best Value thematic topic was asset management. The focus of the work was how councils are managing assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change. Auditors reported the council demonstrates an effective approach to its asset management and made no recommendations in their report.

Asset management planning

52. Auditors concluded the council has a comprehensive asset management framework which is aligned to the council's strategic plan and priorities. Its asset management framework is supported by detailed service-level plans and capital investment programmes which provide clear priorities, governance arrangements and performance measures. The council has committed to updating its asset management framework alongside the strategic plan in 2027.

Governance and performance

53. Auditors reported that the council has appropriate governance arrangements to support oversight of its asset management priorities and capital programme. There is clear senior officer leadership through a Capital Programme Strategic Oversight Group. Progress risks and financial implications are regularly reported to elected members at Cabinet, where effective scrutiny has been observed.

54. The council has established performance reporting arrangements for asset management. Its 2019 Asset Management Framework includes a performance management framework. The framework sets out a suite of 12 asset-related performance indicators covering areas such as asset condition, occupancy, accessibility and energy use. These indicators are updated annually and publicly reported through the council's online performance indicator dashboard, providing a clear route for monitoring trends over time.

55. The latest published data indicates a mixed performance picture between 2018/19 and 2023/24, with four indicators improving, seven declining and one no longer being reported. Auditors reported the council performs well nationally against the four LGBF indicators relating to asset management. It ranks in the top quartile for three of the four indicators, including first nationally for two.

Partnership working and community engagement

56. The council demonstrates a strong commitment to working collaboratively with its partners to manage and deliver shared assets locally. Notable examples include its long-standing partnership with South Ayrshire Council through the Ayrshire Roads Alliance, which has generated £21.3 million of savings in its first ten years against expected savings of £8.6 million and delivered shared road services. The council is also pursuing place-based approaches, including the development of the Cumnock Health and Wellbeing Hub, designed around integrated service delivery and asset sharing with partners.

57. Community engagement is embedded within the asset management framework, and the council can demonstrate where community consultation directly informed decisions on the future use of assets, including community facilities and recreational assets. The council is also delivering the Place-Based Investment Programme (a Scottish

Government capital fund to support community-led projects), where part of the governance involves recruiting of community representatives to participate in funding decisions, providing evidence of meaningful engagement.

58. The council has a well-established Community Asset Transfer (CAT) framework, with more than 70 transfers completed. CATs are embedded in wider transformation and asset rationalisation programmes, reflecting a strategic approach to community ownership and asset management. Community organisations are supported by the Vibrant Communities team. Governance arrangements are clearly defined with validated requests assessed by a multi-disciplinary officer group against criteria including community benefit, capacity, governance, and financial sustainability. This informs Cabinet reports recommending whether applications should be accepted.

Financial management and sustainability

59. Overall, the council's financial management arrangements are effective and appropriate.

Exhibit 4

East Ayrshire Council – key financial information

	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
Budget setting				
Budget gap	10.4	10.0	15.1	9.2
Planned to be met via:				
• Savings and flexibilities	6.8	7.0	8.8	3.5
• Use of reserves	-	-	-	-
• Additional council tax / funding	3.6	3.0	6.4	5.7
• Council tax increase (%)	5.0	-	8.0	6.9
Actual				
• Savings delivered	5.8	4.7	7.0	
Use of / (contribution to) reserves	-	(5.3)	(8.7)	
Total usable reserves carried forward:	111.7	117.0	125.7	
• General Fund				
○ Earmarked	32.7	59.7	62.1	
○ Uncommitted	30.7	8.3	8.7	

• Capital and other	25.2	27.6	31.9
• Housing Revenue Account	23.2	21.4	23.2

Source: East Ayrshire Council's annual accounts and budget setting papers

Financial management

60. In their 2025/26 annual audit report, auditors noted that the council has an experienced and sufficiently resourced finance team, clear and up-to-date policies and procedures and effective scrutiny and challenge of financial management by the Governance and Scrutiny Committee.

61. Cabinet receives quarterly financial updates through East Ayrshire Performs. In 2024/25, the council reviewed the format and content of East Ayrshire Performs reports to improve readers' understanding of key financial issues and challenges, with the first revised report presented to Cabinet on 3 September 2025. The revised interactive format uses graphs and Power BI to highlight financial pressures and challenges, focusing attention on issues affecting delivery of the council's strategic priorities.

62. For 2025/26 the council reported a net deficit at the year-end of £2.4 million largely relating to overspends against the health and social care service.

Integration Joint Board (IJB) financial pressure

63. Auditors reported in 2025/26 that East Ayrshire Health and Social Care continued to experience significant financial pressure, recording an overspend of £2.1 million despite the council drawing down £6.5 million of reserves for support. Cabinet approved the release of £0.8 million of service balances and £5.7 million of balances held centrally in a Health and Social Care Emergency Financial Support fund.

64. The council received a direction from East Ayrshire IJB in December 2025 requiring it to implement financial recovery measures in line with previously approved plans in light of a projected £10.3 million IJB overspend. The council acted by establishing a senior officer task force to oversee longer term recovery and agreeing one-off financial support to manage the projected in-year overspend.

Savings

65. The council has a strong track record of delivering savings. It reported a budget gap of £8.8 million for 2025/26 after increasing council tax. Consistent with previous years, services were required to deliver savings from their overall budgets, excluding protected areas such as teacher numbers and the pupil equity fund.

66. For 2025/26, savings requirements were allocated across council services (£5.4 million), East Ayrshire Leisure Trust (£0.1 million) and East Ayrshire Integration Joint Board (£3.3 million). The council services

savings requirement was grouped under broad themes, including workforce planning, income and commercialisation, property and estates, digital, and other savings areas. In 2025/26 it achieved £7.0 million (80 per cent) of its savings target.

Reserves

67. At 31 March 2026, the council's usable reserves totalled £125.7 million, an increase of £8.7 million from the previous year.

68. Auditors concluded that the council has consistently maintained its general fund reserves in line with its Reserves and Balances Strategy, which includes a requirement to hold uncommitted reserves of at least 2 per cent of net revenue expenditure. At 31 March 2026, the uncommitted General Fund balance was £8.7 million or 2 per cent, in line with the strategy requirements. The General Fund also included £62.1 million of earmarked balances, mainly for early intervention and prevention (£37.5 million), innovation (£3.2 million) and affordable housing (£1.5 million).

69. The Reserves and Balances Strategy allows services to carry forward underspends for use in future years on non-recurring or fixed-term projects, or to help align services with available resources over a three-year budget period. Services are also required to carry forward amounts earmarked for specific initiatives or liabilities. These balances are reviewed and approved annually by Cabinet. In 2025/26, services used £16.6 million of these balances, while £16.5 million was added to service reserves.

Capital programme and investment

70. Capital expenditure in 2025/26 totalled £65.4 million, up from £59.2 million in 2024/25. General services capital expenditure accounted for £32.0 million of this total, with the remaining £33.4 million capital expenditure in 2025/26 relating to investment in the housing revenue account. Significant areas of investment for the general services capital programme up to 2030 include a waste review (£4.0 million), Cultural Kilmarnock (£33.9 million) and Galston office facilities (£2.0 million).

71. The general services capital spend of £32.0 million was against an initial budget of £80.8 million, which was subsequently revised to £40.4 million (primarily due to reprofiling). The 2025/26 annual audit report noted that projects are rephased on a timely basis, but that there is scope for approved annual capital budgets to better reflect the planned phasing of each project.

72. Auditors reported in the 2025/26 Best Value thematic report on asset management that the council has established regular reporting arrangements for monitoring delivery of the capital programme. Progress is reported through quarterly East Ayrshire Performs reports to Cabinet and the Governance and Scrutiny Committee. These reports provide elected members with information on capital financing requirements,

project-level progress, spend against budget, and proposed reprofiling of capital budgets when required.

73. The council has clear arrangements in place to manage the affordability of its capital programme. In 2023, it introduced an affordability cap limiting the cost of General Fund debt financing to eight per cent of the net revenue stream, helping to ensure borrowing remains sustainable and affordable. As at 31 March 2026 General Fund debt financing was at 6.2 per cent, with the council projecting it to rise to 7.5 per cent by 2030/31.

74. The council reviews the scale and phasing of the capital programme to keep planned investment within this cap. There are examples of the council revising projects where needed to maintain affordability, including changing Doon Valley Community Campus from a new build to refurbishment. It also continues to seek external funding to reduce borrowing and has secured over £100 million to date.

Financial sustainability

75. The council has taken several steps to support financial sustainability and manage the financial pressures it faces. It has maintained and updated its MTFS and revises its budget gap projections annually to reflect changes in funding, inflation, demand pressures and wider economic conditions. For 2026/27, the council reviewed its projected budget gap, allocated savings requirements across services, and approved a balanced budget of £460.2 million. The latest MTFS presented in February 2026 projects a cumulative budget gap of £18.0 million over 2026/27 to 2027/28 (including the IJB on the basis of a flat cash funding approach).

76. The council has addressed budget gaps through savings plans, increases to council tax and the targeted use of reserves. The 2026/27 budget included expenditure reductions of £3.5 million and an 6.9 per cent council tax increase, with 1.9 per cent of the increase used to replenish the General Fund following support provided to address the IJB overspend. Additionally, the council monitors service-level pressures in year and responds through specific reviews, such as the transport and education reviews, which helped reduce projected overspends over 2024/25 and 2025/26.

77. Longer term, the council intends to use learning from initiatives under its Early Intervention and Prevention Fund to help reduce future demand for services and to support the council in securing a sustainable future. In the meantime, it will need to maintain its strong track record of effective financial management to manage financial pressures in the IJB and meet budget gaps.

Appendix 1

Annual Audit Reports for 2022/23 to 2025/26

These reports summarise the findings from the 2022/23, 2023/24, 2024/25 and 2025/26 annual audits of East Ayrshire 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.

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2025/26 Annual
Audit Report
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September 2026

Appendix 2

Best Value Statutory Guidance

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

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

Best Value

East Ayrshire Council



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Local government policy update

Item 6

Policy Manager for the Accounts Commission

Meeting date:
08 October 2026

Purpose

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

- **Best Value: West Dunbartonshire Council** (06 October)
 - *Published after this report was produced. Details of coverage and engagement will be included in next month's report.*

Media and Parliamentary monitoring

4. The Accounts Commission and its reports were referenced several times during an evidence session at the [Social Justice, Housing and Local Government Committee on 9 September](#). The Committee took evidence from Jenny Gilruth (Deputy First Minister and Cabinet Secretary for Finance and Local Government), and Hannah Mary Goodlad (Minister for Public Finance). The Commission was mentioned in relation to financial sustainability, budget gaps, the Glasgow report, and IJBs.

5. The Commission has also been mentioned recently as follows:

- In Public Service Reform (PSR) Committee evidence sessions [on 03 September with Stephen Boyle](#), Auditor General for Scotland, and [on 10 September with Ivan McKee](#), Cabinet Secretary for Public Service Reform
- In a Finance and Public Administration Committee evidence session [on 23 September involving representatives of COSLA, Solace and Directors of Finance](#)

- The [Flooding in communities report](#) was referenced several times in a Scottish Government-led [debate on flood resilience](#), while the [report on The Promise](#) was referred to in [a question to Education Secretary Mairi McAllan](#) during an evidence session with the Education Committee
- The Glasgow Best Value report was referenced in [reporting by the Herald on the new council leader](#) calling for a change in the law regarding homelessness
- Clackmannanshire Council's meeting to discuss (and approve) resourcing of its audit delivery recovery plan was reported in [The Herald](#), with reference to the section 102 report
- The Commission is mentioned throughout a briefing by LGIU on [Scottish public service reform and local government transformation](#).

Scottish and local government updates

6. On 21 September, the Scottish Government published [a proposal for reform of local governance](#). The proposal followed the initial stages of the three-month dialogue with local government and other partners announced in the Programme for Government, including a meeting between the First Minister and COSLA on 11 September.

7. The proposal reiterates the Scottish Government's view, expressed by the First Minister in his statement to Parliament, that "some authorities are either too big to be local or too small to be strategic". It states that the Scottish Government does not seek to be prescriptive but "recognises the need to aid discussions by setting out an initial proposition" which is "intended to be a starting point to facilitate debate and discussion".

8. Key points in the proposal are as follows:

- Replacing current local government arrangements with a smaller number (six to ten) of "regional authorities focusing on strategic decision-making", alongside a large number (120 to 160) of "community authorities focused on local decision-making"
- This model would apply to the mainland, with a likelihood of "bespoke solutions" for island communities
- Community authorities would sit within the borders of regional authorities, and would be based on "identifiable communities" such as towns, village, suburban communities or islands. The proposal sets out factors to consider in deciding the geography of these
- As part of enhancing local participation and decision-making, the proposal states there must be a "statutory obligation" on regional authorities to devolve some functions to community authorities

- Councillors would continue to be elected at the current ward level, sitting on both the relevant community and regional authorities. The proposal acknowledges that this dual mandate would significantly increase their responsibilities and “prompt serious consideration” on councillors’ remuneration and expected time commitment
- The same administrative/corporate structure would support both a regional authority and the community authorities contained within it
- Suggested powers for regional authorities include those which can support economic development such as housing, strategic planning, employability and transport, along with existing “core” services such as waste and cleansing, and early learning and education
- Community authorities could oversee “community-based support that is person-centred and responsive to local need”, and make decisions on householder planning applications and licensing, and manage local regeneration and leisure, sport and culture facilities
- The proposal states that some functions and responsibilities of either regional or community authorities could be shared with or transferred from other public bodies outside of local government
- Social care and social work are not included within these suggested responsibilities. The proposal addresses them separately, referring to the parallel process of engagement in this area, and to a need to improve “integrated support for people” across a range of services including health, housing and family support, “taking into account new organisational structures for the NHS”.

9. The proposal states that once the allocation of responsibilities between community, regional and national government is agreed, then the most appropriate level and methods of funding would be considered. This would include determining the distribution of funding, reflecting differing local needs and the degree of local and regional revenue raising powers.

10. The proposal reiterates the Scottish Government’s intent to reach a “shared direction” before the end of the year, in order to shift towards implementation, with “early decisions informing the next Scottish Budget”. It expects that as its strategic dialogue with stakeholders continues, more detailed and specific proposals will be developed for further consideration by Parliament, local authorities and communities.

11. [COSLA issued an initial response](#) to the proposal on the day it was published, then [a further statement](#) following discussion by COSLA Leaders at a meeting on 25 September. Both statements emphasised the need for meaningful engagement with local government and communities – including for any changes to be implemented only through agreement with existing local authorities – and for any reforms to enhance local democracy and bring decisions closer to communities.

12. [This article by BBC News](#) reported on the initial responses by some council leaders and raised a number of questions or points of detail including around the possible costs of any reorganisation. There was also a range of local reporting on the proposals and what they could mean for specific councils or communities, which has been shared with members.

13. The Scottish Government has published an [independent analysis of its consultation on the future of council tax in Scotland](#), which ran from October 2025 to January 2026. Key findings are:

- There were 1,219 responses from individuals (just over half of whom are in council tax bands E-H) and 72 from organisations
- 82 per cent of respondents (including almost all organisations that responded) were in favour of reforming the system
- 67 per cent overall (including 91 per cent of organisations) were in favour of a revaluation of properties, while all 20 participant groups at the five public engagement events also supported revaluation; the most preferred revaluation frequency was every 10 years
- Opinion was divided about the design of a new system of council tax bands, although two thirds of organisations preferred nationally-set thresholds and most supported the proposed 14-band system
- Many respondents raised concerns about increased council tax bills disproportionately affecting those in high-value properties but with low incomes, said the new council tax would not reflect ability to pay or service provision, or proposed alternative forms of local taxation.

Council finance issues

14. Glasgow City Council initially announced it would [issue redundancy notices to 23,000 members of staff and then re-hire them on new contracts](#) as part of implementing its new pay and grading structure, then [agreed to pause the plan following talks with trade unions chaired by Deputy First Minister Jenny Gilruth](#). The initial move, known as ‘fire and rehire’, came after earlier talks between the council and unions broke down over a disagreement about whether to ballot union members on the pay offer. At the time of writing, negotiations were set to resume.

Policy area updates

Education, children and young people

15. [The Scottish Government published a report by its independent advisor on the future of education in Scotland](#). The report recommends significant changes including creating local schools authorities to take over responsibility for the delivery of school education, reviewing how success is measured and best practice shared, and ring-fencing national funding for education. The Scottish Government says it will set out its response to the report after a three-month dialogue with local government.

16. The latest results from the three-yearly Programme for International Student Assessment (PISA) survey showed [a further slight decline in pupil performance in reading and maths](#), and growing gaps between Scotland and England in those categories and science. Analysis showed that in Scotland, pupils from most deprived backgrounds are around three years behind those in the least deprived areas, though the gap has narrowed.

17. Worldwide results from the PISA tests indicate a [decline in skills that the report said “matter most in the age of AI”](#), such as reading and critical evaluation. The fall was said to be greatest in those from more well-off families. However, a relatively high proportion of UK teenagers said they had never used AI for schoolwork.

18. [A new report from the Oversight Board for The Promise called for “greater urgency and a determined focus”](#) to deliver the commitment by 2030. The report says progress has been made in a number of areas since early 2025, including through new legislation, but practical change is hampered by “stretched teams, limited capacity and resources that do not match need”. The report says “too much of the promise remains on paper, not in people’s lives” and sets out ten actions including establishing workforce needs and making better use of available evidence.

Health and social care

19. [The latest official annual statistics for drug-related deaths in Scotland](#) showed that the number of deaths rose from 1,017 in 2024 to 1,133 in 2025 – an increase of 11 per cent. The number has fluctuated in the last five years and is below the peak of 1,339 in 2020. However, Scotland still has the highest rate of drug-related deaths per population in Europe (subject to variations in recording methods), and the rate was 2.4 times that of England in 2024 (the most recent comparable year). The rate in the most deprived areas was 15 times as high as in the least deprived areas.

Housing and homelessness

20. [There have been further calls for changes in policies affecting Glasgow in relation to homelessness](#) and the housing of asylum seekers. New council leader Ricky Bell has said a temporary pause in applications and a change in the law to allow applicants to be moved to neighbouring authorities are needed to ease pressure on services in the city. He and the UK Home Secretary Shabana Mahmood have both claimed the city is bearing a disproportionate burden within Scotland.

21. [New official statistics for homelessness in Scotland](#) showed a record number of children (10,715) and households (19,004) were in temporary accommodation at 31 March 2026. The figure for children rose by 5 per cent in a year, while the households figure increased by 10 per cent. The number of homelessness applications and the number of households assessed as being or at risk of being homeless were up very slightly. Meanwhile a council report showed more than 1,000 households were living in unsuitable temporary accommodation in Edinburgh in March.

Infrastructure and communities

22. [Infrastructure projects in five regions of Scotland are to benefit from UK Government funding](#) under the first year of the £140 million Local Growth Fund. The Glasgow City Region, Edinburgh and South East Scotland, Tay Cities, Ayrshire and Forth Valley economic partnerships have received a combined total of £52 million from the fund, after their regional investment plans were approved. The three-year programme aims to strengthen local economies in areas with lower household income.

23. There were a few stories regarding local infrastructure projects:

- [Work to develop Shetland's first inter-island tunnel took another major step forward](#). Councillors backed a 30-year plan for the future of transport in the islands, and £23 million of Scottish Government funding over 3 years was confirmed. These developments mean detailed work on the first proposed tunnel, connecting Mainland Shetland with Yell, can now progress.
- [The City of Edinburgh Council decided to prioritise extending the city's tram network to the south](#), with a northern extension not going ahead due to disagreements over the route. Work on developing a southern spur connecting the city centre and the Royal Infirmary via BioQuarter at a cost of around £1.7 billion could begin by the end of the decade. Meanwhile councillors [rejected a 'radical rethink' for Princes Street](#) in favour of a more modest redevelopment.
- [A £16 million transformation of Burns Statue Square in Ayr was approved by South Ayrshire Council](#) despite concerns over impacts on businesses and the wider town. The scheme aims to turn the traffic-dominated square into a more pedestrian-friendly civic space. Construction is now expected to start in January.

24. There were also a number of stories relating to flooding:

- [The Scottish Government announced £15 million of investment in flood prevention and resilience](#), including a £5 million Community Flood Resilience Fund opening in 2027. The funding is intended to provide support, including directly to communities, for local measures as well as larger-scale resilience and recovery projects.
- [More than 80,000 properties across Glasgow will be at risk of flooding by the end of the century](#), prompting the city council to develop a targeted resilience initiative.
- [Similarly, thousands more properties across Inverclyde could face the risk of flooding](#) as climate change intensifies, with a council report setting out the areas likely to be worst hit.
- [Councillors in Angus have approved plans to demolish 150 homes in the town of Brechin](#) damaged by Storm Babet almost three years ago as well as changes to flood defences costing up to £8.2 million.

25. [Renfrewshire Council has approved the award of a £5 million contract as part of its AI Transformation Programme](#). The supplier will work with the council to provide AI software, and consultancy services to support both its technical implementation and adoption by staff. The council says its AI Programme is key to mitigating its medium-term financial challenges.

Other updates

26. Results on [Perceptions of local councils from the 2025 Scottish Household Survey](#) showed divided opinions among respondents on how well councils are performing:

- 38 per cent agreed and 36 per cent disagreed their council provides high quality services; 37 per cent agreed and 37 per cent disagreed that their council is doing the best it can with the money available
- 29 per cent agreed their council is addressing key issues affecting quality of life in their neighbourhood while 39 per cent disagreed
- All of the above measures show a negative change of a few percentage points since 2023, but most are unchanged from 2024
- 54 per cent do not think they can influence decisions affecting their local area (up from 49 per cent in 2024); 17 per cent think they can
- 37 per cent say they would like to be more involved in their council's decisions – up from 33 per cent in 2024 and 30 per cent in 2023
- As in previous years, perceptions of councils are more negative among women compared to men, younger people compared to older people, and among those from the most deprived areas.

27. 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): [Programme for Government 2026-31 – a programme for public service reform?](#)
 - COSLA: [Public service reform must strengthen local decision making, not weaken it](#)
 - LGIU (Local Government Information Unit): [Where next for Scottish local government? Nine questions raised by the Programme for Government](#)
- Scottish local government:
 - LGIU: [Scottish Government's council reform proposition – what does it mean?](#)
 - Holyrood: [Local government reform must find consensus and not lead to a further centralisation of powers](#) (by Prof James Mitchell)

- English local government:
 - LGIU: [LGIU response: Review of local government reorganisation \(LGR\) launched](#)
 - LGIU: [Pressing pause on LGR - what does it mean?](#)
- Health and social care:
 - SPICe: [Adult Social Care and Support in Scotland 2026 briefing](#)
- Housing and homelessness
 - SPICe: [Temporary accommodation in Scotland: pressures on homelessness services](#)
 - LGIU: [Homelessness is a public health issue: why prevention must be everyone's business](#)
- Child poverty:
 - Improvement Service (IS): [Why reform must start with children and families: A local government call to action](#)
 - IS: [New report published: Local Action on Child Poverty](#)
- Other topics:
 - LGIU: [The future of council leisure and culture services](#)
 - LGIU: [LGIU guide for new councillors](#)
- Auditor General reports:
 - [Scotland's colleges 2026](#)
 - [Management of the ScotWind leasing round: How the Scottish Government is using offshore wind funding](#)

Conclusion

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

Chair's update

Item 7

Chair of the Accounts Commission

Meeting date:
08 October 2026

Purpose

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

Recommendations

2. The Commission is invited to note this report and enquire about any areas of interest.

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)
- 22 September – attendance at Performance Audit and Best Value Leadership Team meeting
- 23 September – 2027/28 Local Authority Accounting Code discussion, with Derek Yule (Commission member), Paul O'Brien (Director of Quality & Support), John Cornett (Executive Director of Audit Services Group), Helena Gray, and Sarah Watters
- 29 September, 01 and 02 October – Accounts Commission member recruitment interviews
- 06 October – Joint work programme discussion with Stephen Boyle, Andrew Burns, Sarah Watters and Audit Scotland colleagues
- 06 October – Accounts Commission preparatory session with Andrew Burns (Deputy Chair) and Commission support team
- 07 October – Integration Joint Board Financial Bulletin 2025/26 scoping meeting with Alison Cumming, Audit Scotland colleagues, and sponsors

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)

- 24 September – Audit Scotland Board meetings

External engagement

- 23 September – Introductory meeting with Jenny Gilruth, Deputy First Minister and Cabinet Secretary for Finance and Local Government

Forthcoming activities

- Regular meetings with Sarah Watters, Helena Gray and Lee Ovens, and with Stephen Boyle, Vicki Bibby and Alison Cumming
- 08 October – Audit Scotland Budget 2027/28 engagement with Commission Budget Sub-group
- 13 October – Annual Planning Conference preparatory meeting with Sarah Watters
- 29 October – Annual Audit Planning Conference

Conclusion

The Commission is invited to:

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