

Agenda

Thursday 14 August 2025 10.00am

Online via Microsoft Teams

523rd meeting of the Accounts Commission

Public session

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|--|-------------------------|-------|
| 1. Apologies for absence | Chair | 10.00 |
| 2. Declaration of connections | | |
| 3. Order of business
The Chair seeks approval of business including taking items 9 to 16 in private for the reasons set out on the agenda. | | |
| 4. Minutes and matters arising from previous meeting | Director for Commission | 10.05 |
| 5. Section 102 report: Glasgow City 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 11:35

Private session

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| 9. Controller of Audit's update
[Item to be in private as it requires the Commission to consider confidential policy matters.] | Controller of Audit | 11:55 |
| 10. Section 102 report: 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 | 12:05 |
| 11. Commission annual review 2024/25 – final draft
[Item to be in private as it requires the Commission to consider a draft of a forthcoming publication.] | Director for Commission and Head of Communications | 12:40 |

Break for lunch 13:00

12. Improving care experience: Delivering The Promise – draft report [Item to be in private as it requires the Commission to consider a draft of a forthcoming publication.]	Executive Director of Performance Audit and Best Value (PABV)	13:45
13. Impact monitoring and evaluation report 2025 [Item to be in private as it requires the Commission to consider confidential policy matters.]	Director of Innovation & Transformation and Head of Organisational Improvement	14:10
14. Commission intervention options – proposed framework [Item to be in private as it requires the Commission to consider confidential policy matters.]	Director for Commission	14:35
15. Chief Operating Officer update (verbal) including Future Public Audit Model update [Item to be in private as it requires the Commission to consider confidential policy matters.]	Chief Operating Officer	15:05
16. Any other private business The Chair will advise if there is any other private business to be considered by the Commission.	Chair	15:15

Close of meeting	15:15
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Member's Forum with Martyn Wallace, Chief Digital Officer, Scottish Local Government Digital Office	15:30
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Minutes

Thursday 12 June 2025 10.00am

Audit Scotland office, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
522nd meeting of the Accounts Commission

Present:

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

In attendance:

Sarah Watters – Secretary to the Accounts Commission
Helena Gray – Controller of Audit
John Boyd – Audit Director (Items 5 and 10)
Mark Ferris – Senior Audit Manager (Items 5 and 10)
Joe Chapman – Policy Manager (Item 6)
Alison Cumming - Executive Director of PABV (item 11)
Blyth Deans – Audit Director, PABV (*online*) (Item 12)
Jack Nixon – Audit Officer, PABV (*online*) (Item 12)
Simon Ebbett – Head of Communications (Item 13)
Vicki Bibby – Chief Operating Officer (Item 14)
Paul O'Brien – Director of Quality and Support (Item 15)

1. Apologies for absence

No apologies were received.

2. Declarations of connections

Helena Gray and Jennifer Henderson declared a connection as residents of East Lothian Council. Helena had made the auditors aware of this in advance of producing the Best Value report and they were content to continue; it is also stated in her register of interests.

Angela Leitch declared a connection as former Chief Executive of East Lothian Council from 2011 to 2019. The Secretary had confirmed with the

deputy ethics partner that sufficient time had passed for Angela not to need to recuse herself from today's discussions on the council.

In relation to the Future Public Audit Model item on the agenda, Angela Leitch, Carol Evans, Jennifer Henderson, and Malcolm Bell all declared connections to audited bodies. Each of these members had consulted the deputy ethics partner who had confirmed that although they could not be part of the sounding board, they are permitted to take part in discussions at Commission meetings.

3. Order of business

It was agreed that items 9 to 16 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meetings

It was agreed that the minutes of May's meeting were an accurate reflection of the discussion, and the minutes were approved as final.

Sarah Watters provided the following updates on actions arising:

- An update on Council Tax reform is provided in the Local government policy update
- The Local Government Budgets Briefing 2025/26 was published on 22 May and saw a good range of media coverage, led by Derek Yule
- The Quality of Public Audit in Scotland report was published this week, with key message one now reflecting the discussion at May's Commission meeting.

5. Best Value: East Lothian Council

The Commission considered the Controller of Audit's report on Best Value in East Lothian Council. The discussion was structured around the following themes:

- Finances, including:
 - New financial system to go live in October 2025; aims to address control weaknesses from legacy systems
 - Audit adjustments are driven by additional testing to address risks from current process including manual intervention
 - No concerns about finance team capability or capacity; delays to finalising accounts were due to valuation issues
 - Audit recommendations being implemented including enhanced budget monitoring and updated financial strategy
 - Budget gap – £45.9m projected to 2029/30, based on 5% Council Tax rises and flat cash settlement; council continues to model scenarios and revise plans amid uncertainty

- Reserves – previously used to balance budget; council now has budget principles including minimising use of one-off resources and using reserves for spend-to-save investments.
- Integration Joint Board (IJB) – uncommitted reserves forecast to be depleted by the end of 2025; inherent financial risk to the council; new leadership in place; new financial and reserves strategies being developed
- Capital programme reviewed for affordability and revenue impact; carry-forward to be expected due to scale of spend; deferred school projects progressing this year.
- Transformation, including:
 - Plan in place with dedicated team and governance; 15 projects, eight well underway; estimated £6m recurring savings
 - Well-resourced with strong oversight; auditors recommend improved reporting for projects outside core programme
 - Digital strategy – council working with Solace and Improvement Service to build internal capacity
 - Shared services – council exploring opportunities; shares internal audit with Midlothian and has ‘innovation hub’ joint venture with Queen Margaret University.
- Leadership, including:
 - Governance – inquorate meetings due to exceptional circumstances; no ongoing issues or capacity concerns
 - A range of external and internal training and development opportunities is available to all members
 - Strategic plan – re-prioritised in 2024 to consolidate multiple plans; progress to be reviewed in next year’s audit
 - Budget working group – example of collaborative leadership; supported agreement on budget and financial strategy.
- Workforce, including:
 - Council to review its workforce plan to ensure clear actions and measures and open to learning from others
 - Staff survey – 46% response rate is high but frontline staff under-represented – council to revisit survey and improve this; 50% reported stress and high workload concerns
 - Succession planning challenges recognised; clearer plans needed; digital transformation and flexible working are key.
- Community engagement, including
 - Budget consultation approach improved; more targeted, approach used to gather meaningful feedback

- Six local area partnerships supported by Connected Communities managers; more engagement planned to inform decisions on budget priorities and savings
- Participation and Engagement Strategy being developed.
- Performance, including:
 - Above-average performance in many areas, but satisfaction indicators declining, in line with national trend; council pursuing its top priorities, though some data unavailable at time of reporting.

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

6. Local government policy update

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

- UK spending review – additional funding for Scotland via Barnett formula, mainly for health; key developments expected in Scottish Government's upcoming financial and reform strategies; updates will follow via email and next policy report.

During discussion, the following points were raised:

- Fiscal framework – lack of progress and differing views between COSLA and Scottish Government noted; concerns raised over delays in teacher number guidance and NHS pay award exceeding pay policy, creating financial pressure for councils.
- Programme for Government – funding implications unclear for several commitments, raising sustainability concerns.
- Glasgow equal pay – scale of leaseback arrangements queried; response confirmed arrangements align with prior Commission discussions and Section 102 reports; some delays in implementing new pay and grading structure, auditors continue to report on this
- Low Emission Zones – income expected to decline as policy succeeds in reducing non-compliant vehicles; raises questions on councils' revenue assumptions and forecasting accuracy.
- IJB funding – calculation methods set in locally-agreed integration schemes, dependent on delegated functions; leads to regional variation. Will be covered as part of future IJB finance audit work.

Following discussion, the Commission noted the report.

7. Chair's update

The Commission considered an update by Jo Armstrong on recent and upcoming activity.

Jo highlighted the following:

- Additional Support for Learning (ASL) report – positive engagement with and feedback from Cabinet Secretary for Education and Skills; key messages on definition of additional needs and need for better data acknowledged; further input likely.
- Argyll and Bute Council Best Value report follow up meeting – council welcomed the report, which supports its refreshed strategic approach, budget planning and service delivery; key facts section particularly valued.
- Commission planning – provisional dates for 2026 meetings to be issued to members shortly; prompt responses encouraged to confirm scheduling.
- COSLA engagement – attending Leaders session on 27 June with Andrew Burns and will encourage input to consultation on the Commission's future work programme and priorities.

During discussion, the following points were raised:

- Community engagement – councils facing challenges from a small number of vocal individuals; risk of judicial review; highlights need for clarity and robustness in engagement processes.
- COSLA and Scottish Government's 'Civility in Public Life' initiative was noted.

Following discussion, the Commission noted the update.

8. Any other public business

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

9. Controller of Audit's update

The Commission considered an update by Helena Gray, Controller of Audit, on recent and upcoming activity, which included the following:

- Audit delivery – appendix outlines a proposed escalation process for concerns; Step 2 involves Controller of Audit writing to auditor and Chief Executive to arrange discussions on recovery plans. Controller of Audit has recently met with or is due to meet with some councils as part of this process and provided an update on planned delivery timelines.
- Clackmannanshire Council's medium-term financial strategy is due to full council later in June. Likely to include high-level information on change and transformation; more detail expected in autumn
- Update on senior leadership changes at South Ayrshire Council and Stirling Council.
- Recent introduction with Professor Soumen Sengupta, Chair of Health and Social Care Scotland, which will be included as a

stakeholder in the work programme consultation. Following members' agreement, the Secretary will invite Prof Sengupta to a future members' forum session to discuss IJB finances.

Action: Secretary to the Commission

During discussion, the following points were raised:

- Audit delivery – Commission members raised serious concerns about ongoing delays to four Local Authority audits for 2023/24, including in relation to a revised completion date for one of the councils, and asked to be kept updated on all discussions between the auditor and council to recover audit delivery timelines.
- Audit timeliness – concern about risk to Commission if audits not completed in a satisfactory timescale while also noting the value of audit quality; options to resolve issues discussed. Controller of Audit emphasised audit timelines are agreed by auditor and council, and audit opinion given by auditor independently.
- The Controller of Audit proposed to bring an update report to the Commission on audit delivery oversight, in conjunction with Audit Quality and Appointments, including completion targets, roles and responsibilities, and escalation procedures.

Action: Controller of Audit

Following discussion, the Commission noted the update.

10. Best Value: East Lothian Council

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

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

11. Commission's work programme and priorities – consultation and engagement proposals

The Commission considered a report by Alison Cumming, Executive Director of Performance Audit and Best Value (PABV), and Sarah Watters, Secretary to the Commission. The report sets out proposals for a consultation and engagement exercise on the Commission's performance audit work programme and strategic priorities for 2026 onwards. Alison and Sarah gave a short presentation to members highlighting key points.

During discussion, the following considerations were raised:

- As well as initial targeted sharing of the consultation with key stakeholders, the consultation will be shared via the Commission's email newsletter in July, which will help to engage a wider audience, as well as via social media

- Opportunity to engage with the convener of the Local Government, Housing and Planning (LGHP) Committee, scrutiny partners via the Strategic Public Sector Scrutiny Network (SPSSN), and Directors of Finance. Consideration needed on how best to do so.
- The public should be explicitly recognised as a stakeholder. Public engagement currently happens through surveys. Consider further methods of engaging with the public, and the third sector.
- The Commission Chair will offer meetings with stakeholders, alongside the PABV team. Commission members are welcome to take part if timing and location allow
- The consultation paper is clear that the Commission cannot report on all of the areas proposed, so encourages stakeholders to prioritise from the list of options. The Commission encouraged phrasing questions to avoid unrealistic expectations.
- Several additional areas for consideration were suggested, including:
 - include roads as a service area
- review of councils' use of joint / shared services
- seek input from Local Government Digital Office, this is being actively pursued
 - economic development impact across each region

The Secretary agreed to consider how to incorporate these areas within the consultation paper.

Action: Secretary to the Commission

- Follow up on the Best Value Transformation thematic will be key, particularly in the areas of digital and workforce.

Following discussion, the Commission:

- Noted the background to and rationale for the consultation and engagement exercise
- Agreed to proceed with the consultation and engagement activities over the coming months.

12. Delivering for the future: Responding to the workforce challenge – draft report

The Commission considered a draft of the national Best Value thematic report on workforce challenges. The report was presented by Helena Gray, Controller of Audit, accompanied by Blyth Deans, Audit Director, PABV, and Jack Nixon, Audit Officer, PABV.

During discussion, the following points were raised:

- Jennifer Henderson, as sponsor of the report, recognised the work done by the audit team to review all councils' thematic reports and collate the key themes and learning points.

- Concern about sickness absence rates, and query about how they compare with other public-sector bodies and the private sector. PABV colleagues will look into Office for National Statistics data on private-sector sickness absence, and benchmarking with other parts of the public sector and discuss with the report sponsor.

Action: Audit Director, PABV

- Query about link between hybrid/flexible working and sickness absence trends – insufficient evidence to consider that link, but some councils are assessing the impacts of flexible working
- Agreement to amend Key Message 2 to make clearer connection between the need for effective workforce planning and councils' capacity to deal with wider challenges and assist in achieving financial sustainability.
- Suggestion to highlight good practice in shared services to show why and how they can be a positive solution. Query about reliance on national organisations to facilitate this type of innovation
- Suggestion to include staff turnover rates within 'Key Facts'
- Exhibit 1 – suggestion to compare age profile figures with working age population rather than or in addition to general population. However, the existing exhibit is taken from an external report, so further work would be needed to find this additional data
- Importance of following up on this (and other) reports to ensure actions and recommendations are implemented.

Following discussion, the Commission:

- Given the possible amendments discussed, agreed to delegate final approval of the content of the report to the Commission sponsor and the Controller of Audit
- Approved the proposed publication arrangements for the report, scheduled to be published in August 2025.

13. Accounts Commission annual review 2024/25 – early draft

The Commission considered an early draft of the Commission's annual review 2024/25, presented by Sarah Watters, Joe Chapman, and Simon Ebbett, Head of Communications.

Sarah, Joe and Simon explained the background, including:

- That the Commission is not required to publish an annual report, but has usually produced a report summarising its activities, which is now being renamed to make its purpose clearer
- Oversight by the Communications Working Group, including Commission members Ruth MacLeod and Nichola Brown
- A more accessible and engaging interactive format, with an emphasis on the Commission's role, activities and impact.

During discussion, the following points were raised:

- The Commission liked the new format, agreeing it feels more accessible and a fresh approach, with the right amount of detail
- Whether including quotes that provide external endorsement would impact on the Commission's independence; it was agreed these could be from stakeholders that are not audited bodies
- Discussion about accessibility of Commission meetings (public sessions), including direct registration via Teams and publishing meeting recordings with transcripts
- Desire to make it clearer to the public that they are a stakeholder. Suggestion to amend some wording for example in the Chair's introduction to minimise jargon and reflect the 'public voice'
- Suggested amendments to wording regarding audit outcomes to reflect areas of concern, and to show how audits added value.

Following discussion, the Commission:

- Noted that further work would be carried out to develop the draft content into a proposed finished product for publication.
- Agreed that the Communications Working Group, including two Commission members, would oversee this work, with a final draft to be presented to the Commission for approval in August 2025.

14. Chief Operating Officer update

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission, which included:

- Audit Scotland accounts – these are now signed off and published and will be discussed with the Scottish Commission for Public Audit at the Parliament later this month.
- Representatives from the Ministry of Housing, Communities and Local Government (MHCLG) met with Audit Scotland counterparts in West Port on 10th June, in relation to their Local Audit Reform programme. Vicki highlighted key points from the meeting:
 - Fruitful discussion, start of significant engagement – beneficial to both parties. MHCLG are very interested in Audit Scotland and the Public Audit in Scotland model
 - MHCLG have a challenging timescale for laying, passing and implementing legislation to establish the Local Audit Office
 - Separation but clear links between their Local Audit Reform work and the Future Public Audit Model programme.
- Update on potential future work including consideration of the complexity of local government accounts.

The Commission noted the verbal report.

15. Future Public Audit Model

Paul O'Brien, Director of Quality and Support, presented the Future Public Audit Model Discussion Paper 1, which asks the Commission to agree their collective preferred option for each question, with the caveat that question 4.2 is agreed in principle only at this stage.

The Commission agreed to the following preferred options:

- Q 1.1 (engagement standards) – Option 1: 'no change – ISAs'
- Q 1.2 (adapting ISAs) – Option 1: 'no change'; need to keep watching brief on MHCLG's work to establish a Local Audit Office
- Q 1.3 (promoting the value of an unqualified opinion) – Option 7: blended approach using annual audit reports and the website
- Q 1.5 (assessing timeliness of audits) – Option 1: 'no change' but adapted wording, reference escalation process, to be considered by the Commission
- Q 4.1 (differentiation for smaller bodies) – Option 2: yes
- Q 4.2 (definition of smaller bodies) – Option 1: quantitative factors only – provisionally agreed pending further consideration
- Q 4.3 (level of assurance for smaller bodies) – Option 2: limited assurance
- Q 4.4 (determining audit requirement) – Option 2 agreed, however, bodies can still make a request for a fuller audit, and members sought more clarity around the distinction between the Commission's discretion and a body's right to request.

16. Any other private business

There being no further business, the meeting closed at 3.15pm.

Accounts Commission Action Tracker
As at: 06 August 2025

Action No.	Date	Action	Action by	Assigned to	Timescale	Progress	RAG Status	Date complete
25/029	12-Jun-25	Absence rates PABV colleagues will look into Office for National Statistics data on private-sector sickness absence, and benchmarking with other parts of the public sector and discuss with the report sponsor.	Audit Director PABV	Alison Cumming	Aug-25	Workforce report now includes references to SG sickness absence rate (8.6 days) and UK labour market, which shows the public sector is consistently higher than private sector. More info at www.ons.gov.uk	Complete	31/07/2025
25/028	12-Jun-25	Commission Work Programme and priorities - consultation and engagement Director to consider how to incorporate the areas discussed in relation to the work programme into the consultation paper	Director for the Commission	Sarah Watters	Aug-25	Consultation paper updated and consultation now live (until 15 August)	Complete	25/06/2025
25/027	12-Jun-25	Audit delivery Controller of Audit to bring update report to Commission on audit delivery oversight, in conjunction with AQA, including completion targets, roles and responsibilities, and escalation procedures	Controller of Audit	Helena Gray	Aug-25	Now incorporated into the work on Intervention options - to be discussed by the Commission at the August meeting	In progress	
25/026	12-Jun-25	Members Forum - Prof Sengupta Director to invite Prof Sengupta to a future members' forum to discuss IJB finances.	Director for the Commission	Sarah Watters	Aug-25	Email sent on 1st July and followed up on 31st. Prof Soumen has confirmed he can attend the members forum in October	Complete	31/07/2025

Section 102 report: Glasgow City Council

Item 5

Meeting date:
14 August 2025

Controller of Audit

Purpose

1. This paper introduces the Controller of Audit report on 'Senior officer exit packages' at Glasgow City Council, produced following the 2023/24 audit of the council. The paper also provides background and procedural information to assist the Commission in its consideration of the report.

Recommendations

2. The Commission is invited to:

- Consider the Controller of Audit report
- Approve the proposed publication arrangements
- Decide how it wishes to proceed.

Background

3. The 2023/24 Annual Audit Report (AAR) for Glasgow City Council was considered by the council's City Administration Committee on 8 May 2025, and is [publicly available](#). The appointed auditor issued a qualified audit opinion on the accounts in relation to the council's financial statements for the council and its group in respect of two City Building group entries for a second year.

4. The auditor also identified several risks, and a total of 30 recommendations remained open at the time of drafting the report. Progress in addressing these will be monitored by auditors and through a Best Value report on the council, which as previously discussed with the Commission is intended to be brought in August 2026.

5. The auditor also raised significant matters in the AAR in relation to the scrutiny, governance and transparency of decision making in respect of the exit of five senior officers in a three-year period between 2021 and 2024. I have decided to use the reporting powers available to me under section 102(1) of the Local Government (Scotland) Act 1973 to bring these matters to the attention of the Accounts Commission.

6. The report draws heavily on the independent review undertaken by Brodies LLP, as well as on the work reported by the appointed auditor in

the 2023/24 AAR. Auditors have not undertaken primary evidence gathering such as interviews with current or former officials of Glasgow City Council. It is noted that the parties who exited the council as part of the restructure of the Chief Executive's Department were not interviewed, and not all had the opportunity to give evidence to the Brodies investigation.

7. The report highlights that the Brodies LLP independent investigation report states: "We did not find any evidence allowing us to conclude that any recipient of any severance/retirement package, or any other officer, acted improperly." The Controller of Audit report has sought to focus on the underlying learning for the council and other local government bodies.

The Controller of Audit report

8. This report is made by the Controller of Audit to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).

9. 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.

10. The Controller of Audit report was sent to Glasgow City Council on 6 August 2025, the same date it was issued to the Commission. The council has been advised that it is obliged to supply a copy of the report to each member of the council and to make additional copies available for public inspection. The council will also forward copies of the report to the former senior officials concerned. Once the Controller of Audit's report is sent to the council it is effectively in the public domain.

Procedure

11. The Commission will note that this report is made under the same legislation as the recent reports on best value. The process outlined below is therefore the same.

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

- direct the Controller of Audit to carry out further investigations

- hold a hearing
- state its findings.

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

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

15. The Commission will then decide in private how it wishes to proceed. The Commission is obliged to inform the council of this decision shortly after the Commission meeting – this is done on its behalf by the Director to the Commission – before making its decision public.

16. The council is required by statute to do the following:

- consider any findings of the Commission within three months of receiving them
- publish in a newspaper circulating in the local area a notice stating the time and place of the meeting, indicating that it is to consider the findings of the Commission and describing the nature of those findings (at least seven clear days before the meeting)
- after the 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.

17. 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

18. The report is due to be published on 4 September 2025, with the previous day being held for any media interviews. Publication of the report will be accompanied by the usual news release and media activity. It is anticipated that the Deputy Chair will front the media for this report.

Conclusion

19. The Commission is invited to:

- Consider the Controller of Audit report
- Approve the proposed publication arrangements
- Decide how it wishes to proceed.

The 2023/24 Audit of Glasgow City Council

Senior officer exit packages



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
August 2025

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Accessibility

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

Introduction

1. The Code of Audit Practice requires auditors to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. For local authorities, auditors address the AAR to elected members and the Controller of Audit.

2. I have received the [Annual Audit Report](#) and the audited annual accounts for Glasgow City Council (the Council) for 2023/24. The appointed local auditor (Stephen Reid of Ernst & Young LLP (EY)) has issued a qualified audit opinion in relation to the Council's financial statements for the Council and its group in respect of two City Building group entries for a second year. This reflected the impact of delays from previous years auditing of the accounts for these Arm's Length External Organisations following a series of whistleblowing allegations in 2022.

3. The auditor also identified several risks, including the need for a robust medium to longer term financial strategy to reflect potential financial scenarios and support financial sustainability, as well as the need to agree a revised date for implementation of the new pay and grading structure. A total of 30 recommendations remain open, including 19 Grade 1 (high risk) recommendations. I will monitor the Council's progress with addressing these issues through the audit team. I intend to bring a Best Value report to the Commission in August 2026 and will keep this under review with the appointed auditor including consideration of the pace of progress in implementing improvements.

4. The auditor also raised significant matters in the AAR in relation to the scrutiny, governance and transparency of decision making in respect of the exit of five senior officers over the course of a three-year period between 2021 and 2024. I have decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring these matters to the Accounts Commission's attention.

5. My report relies on a number of publicly available documents. Auditors have not undertaken primary evidence gathering such as interviews with current or former officials of Glasgow City Council. The report draws heavily on the independent review 'investigation into exit packages of former senior officials at Glasgow City Council' undertaken by Brodies LLP, particularly for the 'Background' and 'How decisions were made' sections of the report. The independent review report is publicly available from Glasgow City Council. It was produced for the purposes of the Council, and I appreciate the agreement of both the Council and Brodies to use the content. I note that the parties who exited the Council as part of the restructure of the Chief Executive's Department were not interviewed, and

not all had the opportunity to give evidence to the investigation carried out by Brodies. My report also draws on the work reported by the appointed auditor in the Annual Audit Report 2023/24.

Background

6. In early 2021, a proposal was drafted setting out a restructure of the Council's Chief Executive's Department which included setting out the financial arrangements relating to the exit of five senior officers. The officers were:

- the former Solicitor to the Council and Director of Governance
- the former Principal Advisor to the Chief Executive
- the former Head of Human Resources
- the former Head of Legal and Administration and latterly Director of Legal and Administration
- the former Chief Executive.

7. The departures took place between April 2021 and May 2024. The total cost of the exit packages was £1.035 million with £0.268 million relating to redundancy payments and £0.77 million relating to **strain on pension fund costs**. The estimated ongoing savings in the proposal were £0.65 million per annum.

Strain on pension fund costs are the additional cost incurred by a pension fund when a member retires early or receives benefits without actuarial reductions, often due to factors like redundancy or employer-approved early retirement. These costs arise because the fund needs to pay out benefits sooner or with less reduction than initially anticipated, requiring additional funding to cover the shortfall.

8. The Leader of the Council and City Treasurer raised concerns after publication of the unaudited financial statements, which included details of the pension costs and payments in relation to loss of office, were published. The new Chief Executive launched an internal review into these matters which led to the commissioning of an independent review, including legal advice.

9. In March and April 2025, the outcome of the independent review was reported to three of the Council's committees for consideration. Subsequently, proposed changes to strengthen its governance arrangements in relation to workforce and service reform, were considered and agreed at a meeting of the Council 15 May 2025. A timeline of these events is set out in [Exhibit 1](#). It is important to note that the Brodies independent investigation states 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.’

Exhibit 1

Timeline of key events

2021 to 2024

January/February 2021, as part of planning for the restructuring of the Council’s Chief Executive’s department, a business case was developed which set out the proposed financial arrangements for the exit of five senior officers within the department.

April 2021, the former Solicitor to the Council and Director of Governance left the Council. She received a sum of £95,000 voluntary separation payment.

July 2021, the former Principal Advisor to the Chief Executive left, receiving early unreduced access to her pension and redundancy, totalling benefits of just under £192,000.

January 2023, the former Head of Human Resources left, receiving early unreduced access to his pension and redundancy, totalling benefits of just under £148,000.

September 2023, the former Head of Legal and Administration (latterly the Director) left, receiving early unreduced access to her pension and redundancy totalling benefits of £283,000.

May 2024, the former Chief Executive left, receiving early unreduced access to her pension at a cost of £317,000 to the Council.

July 2024, the Council published its unaudited financial statements, including the remuneration report, disclosing costs associated with the early retirement of the former Chief Executive and former Director of Legal and Administration.

August 2024, the accounts and financial statements were reported to the Council’s Finance and Audit Scrutiny Committee.

September 2024, an internal review was commissioned by the new Chief Executive to be performed by the Council’s Monitoring Officer and Head of Audit and Inspection.

October 2024, the appointed auditor was notified about the internal review and about the Restructure Report.

December 2024, the Council instructed Brodies LLP to investigate and prepare an independent report on these matters.

2025

February 2025, Brodies LLP provided the report of its investigation. This included the report of a KC, Brodies had instructed to review and provide an opinion on its investigation.

March 2025, the Council’s Finance and Audit Scrutiny Committee considered in public, a report by the Chief Executive on the findings of the independent investigation by Brodies of senior officer exit payments. This included provision of the full Brodies report and KC opinion.

April 2025, the Council's Wellbeing, Equalities, Communities, Culture and Engagement Policy Committee considered a report setting out the findings and recommendations of the independent review of the arrangements for the chief officer departures.

April 2025, a special meeting of the Council's Finance and Audit Scrutiny Committee was held to consider the annual accounts and annual audit report, including the external auditor's comments on the exit payments.

May 2025, the Council's City Administration Committee considered a paper on the review of arrangements for chief officer departures and proposed changes.

May 2025, the former Chief Executive reached an agreement with Strathclyde Pension Fund which, with the approval of the Council, resulted in repayment to the Council of the strain on the fund cost associated with her early retirement.

May 2025, Glasgow City Council agreed proposed changes to the terms of reference of committees and the scheme of delegated functions, in response to the independent review.

Source: Audit Scotland

How decisions were made

The approach taken to the restructuring of the senior management of the Chief Executive's Department

The role of the Chief Executive's Department

10. The Chief Executive's Department in a council is the strategic planning and management centre of the organisation. It provides the corporate lead, advice and support to its other departments and functions. It also provides the lead for governance and support to councillors with their policy setting, decision making and scrutiny role.

11. In Glasgow City Council, the main services of the Chief Executive's Department include for example: Policy, Corporate Governance and Communication; Legal and Administration; Human Resources; Corporate Procurement; Digital Services; Customer Care; Financial Inclusion and Economic Development.

Restructuring requires good governance

12. Whether as part of improvement and/or savings programmes, councils need to undertake organisational and staff restructuring from time-to-time. It allows the organisation to realign its resources to respond to change or to new priorities and find ways to work more efficiently. This can include redeployment or reductions of senior officers through early retirement or redundancy packages.

13. It is important that decisions made about restructuring, including exit packages for senior staff, are undertaken in the most transparent manner with clear governance arrangements that reflect the Principles of Public Life in Scotland – [Exhibit 2](#). In addition to demonstrating high standards of governance, councils also need to demonstrate that decisions about restructuring and exit packages are value for money for the public purse.

Exhibit 2

Principles of public life

There are expectations on how elected members and officers of public bodies, including councils, conduct themselves and the work they undertake. In 1995, the Committee on Standards in Public Life (the Nolan Committee) identified seven principles of conduct underpinning public life. In Scotland these principles were expanded to include a further two into the Nine Principles of Public Life in Scotland:

- 1 Selflessness – Acting solely in the public interest.
- 2 Integrity – Avoiding obligations that might influence official duties.
- 3 Objectivity – Making decisions impartially and on merit.

- 4 Accountability – Being answerable to the public and open to scrutiny.
- 5 Openness – Acting transparently and justifying decisions.
- 6 Honesty – Being truthful and declaring conflicts of interest.
- 7 Leadership – Promoting and upholding these principles through example
- 8 Public Service – Acting in the interests of the public body and fulfilling its core tasks.
- 9 Respect – Treating colleagues and staff with courtesy and valuing their roles.

Source: Scottish Government/Audit Scotland

How decisions were made

The process for approving the business case for restructuring the senior management of the Chief Executive's Department is not formally documented

14. The independent investigation by Brodies LLP sets out that following a discussion in January 2021, the Head of Human Resources sent the former Chief Executive a business case in February 2021, entitled Proposed Senior Management Restructure Report. This report set out the proposed financial arrangements relating to the exit of five senior officers within the Chief Executive's Department. The report proposed that:

- The post of Solicitor to the Council and Director of Governance (Grade 13) be made redundant, with its functions merged into other senior roles. A new role of Solicitor to the Council and Monitoring Officer (Grade 12) would be created.
- The post of Solicitor to the Council and Monitoring Officer be subject to a "**bump redundancy**", and a Legal Manager post (Grade 10) deleted.
- The post of Principal Adviser to the Chief Executive (Grade 11) be made redundant, with its functions merged into a new Head of Performance and Governance role.
- The post of Head of Human Resources (Grade 11) be subject to a "bump redundancy", and a Strategic HR Manager post (Grade 11) deleted.
- The Chief Executive (Grade 15) take early retirement in or around late 2022 on grounds of efficiency, with an estimated cost of £349,095.

Bump redundancy (or transferred redundancy) generally refers to an employee at risk of redundancy being moved into another role within the organisation. The person currently in that role is then made redundant instead.

15. In February 2021, the former Executive Director of Finance sent an email to the Chief Executive stating “I can confirm that each individual case and the overall project are consistent with Council Policy and the Business Case is comfortably within target parameters. I am therefore fully supportive of the proposals as outlined in the paper.” There is no explicit evidence of the Chief Executive, the Director of Governance and Solicitor to the Council approving the Restructure Report, as required at that time by the scheme of delegated functions. The independent review concludes that it is implicit in the collective correspondence about the report. There does not appear to be a clear document trail recording definitively the decision-making in relation to approval of the restructure report.

Approval of the exit and the terms for four of the five officers were in line with policy

16. The independent review concluded that approval requirements were met for the exit terms of the Solicitor to the Council, the Principal Advisor to the Chief Executive, Head of/Director of Legal and Administration and Head of Human Resources.

17. The exit terms offered to four of the former officers were in line with the Council’s policies in terms of redundancy payments, pension strain costs and payback periods.

18. The independent review concludes that ‘it is not clear whether [the Solicitor to the Council’s] departure can be said to fall within the scope of the Council’s policies on redundancy and early retirement’ as it was not formally a redundancy. She received a severance payment of £95 thousand as an agreed sum to be paid on her resignation. She did not receive redundancy or early access to her pension.

Approval of the Chief Executive’s exit did not follow the scheme of delegated functions

19. There was no specific provision for approval of the early retirement or severance of the Chief Executive under the scheme of delegated functions.

20. The former Chief Executive highlighted in her statement to the independent review that in her view, as the role didn’t fall under ‘chief officials’ that the scheme permitted her to delegate approval to the Executive Director of Finance and Head of Human resources, as for non-chief officials. Her view is the approval was given at the time the Restructure Report was written in 2021.

21. The independent review also draws attention to an email in March 2024 from an HR officer sent to both the new Head of Human Resources and the Executive Director of Finance with the request for the former Chief Executive’s early retirement, which was approved on the same day. The independent review notes, however, that it appears that the Executive Director of Finance and the new Head of Human Resources did not

consider they were formally approving the application but that their function was to check the application complied with relevant council policies.

Elected members were not involved in decision making or approval processes

22. The scheme includes the general requirement on officers ‘where he/she considers that a matter may be politically controversial even although it has been specifically delegated to him/her, to consult with the appropriate City Convener. If after consultation the officer determines the matter is politically controversial, it must be referred to committee as appropriate for approval.’

23. What can be considered politically controversial is a judgement, however it is reasonable to consider the early retirement of the Chief Executive on efficiency grounds, and the operational and financial implications of this could meet this description, and it is not clear what consideration was given to this issue. The Independent review concluded that officers should have referred the Restructure Report to the relevant City Convenor for consultation as a matter of potential political controversy.

24. Councillors do not, however, appear to have been involved in the decision making or approval processes for the exit packages for any of the five senior officers, including the Chief Executive. There is no evidence of the proposals and terms being discussed with councillors and the Restructure Report was not shared with councillors or presented at committee for approval.

Appropriate scrutiny, transparency and accountability was lacking

25. As highlighted at paragraph 9, it is important to note that the independent investigation states 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.’ However, in the interests of transparency and good governance, the absence of a clear document trail, setting out the decisions and approvals required for the Restructure Report, including the consideration of potential conflicts of interest and the need to involve councillors, is concerning.

26. I support the auditor’s conclusions in his 2023/24 AAR that ‘the Council was unable to demonstrate effective scrutiny, governance and transparency in decision making or value for money in respect of the exit of 5 senior officers over the course of a three-year period between 2021 and 2024’. It is not clear whether the restructure was value for money. All councils should ensure that they can demonstrate the value for money for any service reform or restructure. In this case the Council’s restructure paper highlights two key reasons for the structural change:

- The ongoing requirement to make significant savings; and
- A need to address the demographics of the senior team and put in place robust succession planning arrangements.

27. The Restructure Report concluded that the total cost of the proposals would be £731,486, with ongoing annual savings of £652,658, resulting in a payback period of 1.12 years. However, the detail of the report sets out total redundancy and strain on the fund costs of £1.025 million for the five senior officers. The Council advises that the lower cost of £731,846 is after in-year salary savings are included.

28. The Appointed Auditor notes in the AAR that the actual total cost of the exit of the five senior officers was £1.035 million as opposed to the cost of the proposals in the Restructure Report of £1.025 million. The difference reflects updated figures since the time of the Business Case in 2021 as well as changes to planned leaving dates.

29. It is not possible to reach a conclusion on the rationale for the exit terms given to the five senior officers, as there is a lack of consideration within the Restructure Report of the benefits to the Council for the reform (out with the overall annual financial savings of £0.65 million).

30. There is no reference within the Restructure Report to alternative mechanisms for change being considered. The auditor comments in the AAR that ‘while we note in circumstances where restructures involve senior officers, alternative options such as redeployment are often not practical or possible, we would expect consideration of all options to be evaluated. In this specific instance, it’s unclear why early retirement and redundancy was the best solution to address concerns around succession planning’.

31. It is particularly difficult to see the justification for the Chief Executive’s early retirement on the grounds of cost savings and succession planning as the post of Chief Executive remains within the structure. In February 2024, the request to approve the terms of the Chief Executive’s early retirement, made to the Head of Human Resources and the Executive Director of Finance for approval, was made on the grounds of efficiency.

32. A final amendment made to the Restructure Report before its approval by officers was to include a link between the deletion of the post of Executive Director of Development and Regeneration Services and the early retirement of the Chief Executive. The deletion of the role was approved by the Council’s City Administration Committee in January 2021, but the rationale for the link to support the case for the Chief Executive’s retirement contributing to savings is unclear.

The Council's response

How the Council are taking action to address the issues raised

The Council's response and actions taken

The Council commissioned an independent review and reported publicly on the findings

33. In September 2024, the Council's new Chief Executive commissioned the Council's Monitoring Officer and Head of Audit and Inspection to undertake an internal review of the arrangements for the departure of senior officers.

34. Following consideration of the findings of the internal review and discussion of the findings with the appointed auditor, the Council sought an independent legal view. Brodies LLP was instructed to undertake an independent investigation. Brodies provided their report in February 2025. This included the opinion of a KC on the questions of law asked by the Council, based on the findings in the Brodies LLP report.

35. A summary of findings from the Brodies LLP report, are set out in [Exhibit 3](#). The full report, with the opinion provided by the KC, is available from Glasgow City Council:

Exhibit 3: Key findings of independent legal review

- Severance terms offered to each of the officers were in accordance with applicable Council policies.
- The justification for the early retirement of the former Chief Executive was not supported by the Restructure Report or accompanying correspondence and there was no clear justification for linking her retirement with the deletion of the post of Executive Director of Development and Regeneration Services.
- The Restructure Report should have been the subject of elected member input, rather than being approved solely by officers, particularly as the officers who were involved in approving it also benefitted from its terms by being proposed for early retirement / severance packages. No evidence was found that elected members were asked to approve the report or individual applications for severance / retirement. There was also no evidence that elected members had any knowledge of the details of the departures prior to the publication of the remuneration report as part of the unaudited Annual Accounts for 2023/24.

- It is considered that the former Chief Executive's application for early retirement was not, on the face of it, lawfully approved in terms of the Council's Scheme of Delegated Functions. However, it was considered unlikely that a judicial review would overturn the decision, given the detriment to the former Chief Executive and the time passed.
- That the pension strain costs which formed part of four of the five redundancy / early retirement packages under investigation were mandatory in terms of the Council's policy and the Local Government Pension Scheme Regulations.
- It is considered that there is no reasonable basis for the recovery of the sums paid by the Council in respect of the 5 early retirement / redundancy packages.

Source: Brodies LLP 'Report: Investigation into exit packages of former senior officers at Glasgow City Council and Opinion of senior counsel in re Investigation into exit packages of former senior officers at Glasgow City Council

36. The Council presented the legally privileged report from Brodies LLP and the opinion from the KC in public to the Finance and Audit Scrutiny Committee on 11 March 2025. The Council's decision to consider the findings of the independent review in public, indicates a desire to ensure greater transparency and openness on the matter, which is welcome.

The Council are making updates to governance structures and policy

37. An internal review of the Council's governance arrangements relating to workforce and service reform activity has been undertaken. In response to the issues highlighted by the independent review and recommendations from the appointed auditor, the Council is making amendments to governance arrangements and policy in respect of early retirement and voluntary redundancy.

38. At the May 2025 Council meeting, amendments to the Scheme of Delegated Functions and Committee Terms of Reference were agreed. The amendments to arrangements include:

- Clarity in the scheme that the term chief officers refers to all officers grade 12 and above, including the chief executive
- Changing the title of the Senior Officer Appointment Committee to the Senior Officer Workforce Committee and changing the remit to consider not only appointments of senior officers but also the approval of proposals involving early retirement or redundancy of officers of grade 12 or above

- Adding the Director of Legal and Administration to the senior officers required to approve changes to staffing structures, numbers and gradings
- Deleting the previous delegation, which authorised the chief executive to approve applications from chief officials for early retirement and voluntary severance
- Adding an express delegation relating to the early retirement and voluntary severance of the Chief Executive, giving authority to the Chair of the Corporate Workforce Planning Board to recommend proposals to the Senior Officer Workforce Committee.

39. The Auditor makes the recommendation in the AAR that the Council should “set clear guidance on minimum expectations for any future restructure papers. This should include at a minimum an outline of how the restructure achieves value for money, what alternatives to early retirement or voluntary redundancy were considered and how the restructure meets the Council’s strategic priorities”. The Council accepted this recommendation and have committed to set clear guidance for future restructure papers and to establish a Corporate Workforce Planning Board to oversee the implementation.

40. In addition, the Council have committed to make improvements to the administration of exit packages in response to areas for improvement identified by the appointed auditor in the AAR. The recommendations include:

- The Council should engage with Strathclyde Pension Fund to ensure that strain on fund calculations are only made for relevant individuals and consider whether any amendments are required to improve the accuracy of estimated costs.
- Management should review the current operational processes for recording approvals and agreements to early retirements and redundancies. This should include clear guidance on requirements for electronic approvals.

41. The auditor notes in the AAR that “further work will be required to ensure that such arrangements are adhered to and the Nolan principles are upheld in future”. The Council report that it “will put in place arrangements to enhance and monitor awareness, understanding and application of the Council’s governance rules across senior management and leadership teams. This will be extended to include the employees’ Code of Conduct, with appropriate training and communication carried out with employees across the Council family”.

No legal basis for recovery

42. The independent review concluded that there is no reasonable basis for the recovery of the sums paid by the Council in respect of the five early

retirement/redundancy packages. The current Chief Executive advised that in early May 2025, legal representation for the former Chief Executive arranged for an agreement to be made with Strathclyde Pension Fund and the Council. This resulted in the repayment, from Strathclyde Pension Fund to the Council, of the strain on the pension fund of £317k, stemming from her early retirement.

Glasgow City and other councils need to ensure good governance, value for money and clear business cases for future reform and restructuring

The Council needs to ensure it is better prepared for future restructuring

43. Councils should not turn to early retirement as the first and only option when faced with budget cuts. The need for early retirements could be better controlled by taking a strategic approach to planning the size and composition of the workforce, including senior roles.

44. Best Value thematic work undertaken at the Council has highlighted that while detailed workforce planning occurs at a service level, there is no overall workforce plan or strategy. The Council need to be able to show, how any restructure provides value for money including how any restructures support the Council's strategic plan, financial plans and workforce plans.

45. As the Council looks to continue to transform and ensure it is fit for the future, it will need to demonstrate that:

- the planned restructure achieves value for money
- the revised structure reflects the Council's strategic priorities
- alternatives to early retirement or voluntary redundancy have been considered
- the process for approving early retirements and redundancies is clearly documented
- the decision-making process is subject to appropriate scrutiny and is in line with the Principles of Public Life.

Lessons learnt for all councils

46. Given the current challenging financial context across the public sector, other councils will also be undertaking restructuring and reform programmes. They too need to ensure that they have effective governance arrangements in place. In particular, all councils will wish to consider:

- are their schemes of delegation and codes of conduct fit for purpose and do they reflect the Principles of Public Life?

- does the scheme of delegation include a clear process for considering proposals and approvals for restructure, redundancy and retirement and does it appropriately manage potential conflicts of interest?
- is there appropriate officer and councillor scrutiny of the decision-making processes in relation to restructure, redundancy and retirement?
- is there a good understanding and implementation of the requirements set out in the scheme of delegation relating to restructure, redundancy and retirement, through training and monitoring?
- does the prevailing culture amongst senior officers reflect the standards and behaviours required by the Principles of Public Life?

47. The Accounts Commission produced a report in 1997 and follow-up review about the management of early retirement. These were:

- [Bye now, pay later - The management of early retirement in local government](#) – December 1997
- [Bye now, pay later? A follow-up review of the management of early retirement](#) - June 2003

48. Messages from these reports remain relevant and councils should remain cognisant of these as they undertake restructuring and reorganisation that includes the early exit of senior members of staff, senior council members and senior staff in bodies in the group accounts. Listed below are recommendations from the 2003 report of note:

- Framework for decision making - Early retirement policies should be approved by councillors and be reviewed regularly.
- Informing councillors - councillors should receive a report at least annually that details the number of early retiral decisions made in the year, along with the associated costs and savings attached to these decisions.
- Decision making - councils should rigorously appraise individual cases to ensure the expected savings associated with a retiral outweigh the costs.
- To improve accountability and assist in monitoring, the costs of early retirement should be charged to the appropriate service budget.
- Elected members should be involved in approving early retirement decisions for senior staff.

The 2023/24 Audit of Glasgow City Council

Senior Officer exit packages



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Local government policy update

Item 6

Policy Manager for the Commission

Meeting date:
14 August 2025

Purpose

1. This regular report provides an overview of significant recent activity relating to the Accounts Commission and local government. More news updates are provided via the [weekly digest](#).

Recommendations

2. The Commission is invited to:

- Note this report and consider any implications for its work programme.

Recent publications

3. Below are details of media coverage and engagement for recent Commission publications:

- [Best Value: Renfrewshire Council](#) (5 June 2025)
 - **Coverage:** Interview on Good Morning Scotland, and interview for That's TV Scotland. Reported by local news media only, including Renfrewshire Gazette.
 - **Engagement:** 290 downloads in first 4 weeks. Social media: 1,050 views, 340 video views, 50 engagements, 25 link clicks.
 - Very limited media coverage and engagement. Reporting reflected the positive messaging and the need to share good practice, as well as the budget gap.
- [Best Value: East Lothian Council](#) (3 July 2025)
 - **Coverage:** Interviews on Good Morning Scotland and local radio; coverage on BBC Breakfast and STV evening news. Reported by STV, Scottish Housing News and local media.
 - **Engagement:** 420 downloads in first 4 weeks. Social media: 3,650 views, 950 video views, 310 engagements, 65 link clicks. Notable shares by the council, council leader, and STV News.
 - Fairly typical coverage for a Best Value report. Reporting led with messages on the need for reform but also acknowledged improved or sustained performance.

- **Delivering for the future: Responding to the workforce challenge** (7 August 2025)

- *Published after this report was produced; details provided via email in the interim and included in next month's report.*

4. The latest quarterly analysis of report downloads, covering the period between July 2024 and June 2025, is provided in the Appendix.

Media and Parliamentary monitoring

5. Recent references to the Accounts Commission and its reports include the following:

- The Commission was referenced during [Portfolio Questions: Finance and Local Government](#) on Thursday 12 June. Shona Robison cited Commission reports when highlighting real-terms increases in funding for local government, when asked whether the settlement for Aberdeenshire Council had been assessed for its impact on the local authority's ability to deliver local services.
- Ms Robison also referenced the Commission in written answers to two Parliamentary questions: [from Stephen Kerr](#) (Conservatives), about the Commission's "reported view that local authorities are facing unsustainable budget shortfalls", and [from Jamie Greene](#) (Liberal Democrats), asking what is being done to support councils facing "significant structural funding gaps" affecting service delivery.
- Argyll and Bute Council referred to the Commission's Best Value report in its news release announcing the [agreement of a long-term budget planning approach](#) to address its £58 million budget gap.
- The Local government budgets briefing was referred to in an article by The Ferret reporting that [Scottish councils have sold off 1,851 properties since 2020](#), including schools and community centres, generating £243 million in revenue "amidst budget shortfalls".

Local and Scottish government finance issues

6. A two-year pay offer for council staff (excluding teachers) has been accepted by all three unions and will now be implemented. The offer includes a four per cent pay rise this year, and a further 3.5 per cent in 2026/27. The deal is the first since 2021 to be agreed without industrial action, and is expected to bring a degree of stability and financial certainty, though it is likely to be above what many councils had budgeted for.

7. First Minister John Swinney has [threatened councils with financial penalties](#) if they fail to present a "credible proposal" by 20 August to reduce teachers' class contact time by 90 minutes a week. In a letter to COSLA in June, Mr Swinney warned that failure to deliver the policy could result in the government adjusting, withholding or recovering funding

allocated to councils for this purpose. Analysis by COSLA has concluded that delivering the policy will cost £253 million to £307 million – far more than the £186.5 million provided by the Scottish Government. Recently-released correspondence shows Ministers wanted a phased reduction of contact time to start this month, but [the proposal was rejected by COSLA](#) on the basis of cost, new school roll data and a lack of consultation.

8. The Scottish Government published its Medium-Term Financial Strategy, Fiscal Sustainability Deliver Plan and Public Service Reform Strategy, all in late June. Members have previously received a [briefing on these publications](#), which bring together various strands of existing strategies, plans and policies. There is some useful analysis by the [Fraser of Allander Institute](#) and the [Institute for Fiscal Studies](#), but very little that is specific to local government. More detail is now due in a Spending Review to be published alongside the next Scottish Budget in December.

9. Work is continuing in the Western Isles to explore the potential for a single authority model, with the Scottish Government having awarded [£300,000 of funding to Comhairle nan Eilean Siar](#) through the Invest to Save Fund to progress the Comhairle’s work on public service reform. The Comhairle has begun to publish [information and updates on this work](#), including a detailed policy document and frequently asked questions.

10. There have been various developments in recent months in relation to a visitor levy, with a number of councils at different stages in the process of considering, consulting on or implementing a so-called ‘tourist tax’. I have collated [visitor levy updates by council](#) as a reference for members.

11. Meanwhile, the Scottish Government says it plans to [give councils powers to introduce road charging](#), subject to necessary regulations and guidance being in place, as part of a revised strategy to reduce car use. And separate analyses by the [Sunday Post](#) and [The Sun](#) found councils have raised a minimum of approximately £1 million in fines for pavement parking in a 12-15 month period, although not all councils have yet begun enforcement of the ban that first became enforceable in 2024.

12. Ayrshire’s four Labour MPs have [called for change in the management of the Ayrshire Growth Deal](#). They say only five per cent of the £251 million allocated by the Scottish and UK Governments more than four years ago has been spent, and are calling for an independent chair to be appointed to help speed up delivery. They are also unhappy at not being invited to meetings of the Growth Deal board.

UK local government finance updates

13. The [English Devolution and Community Empowerment Bill](#) was introduced to the UK Parliament on 10 July. Part 4 of the Bill provides for the establishment of a Local Audit Office (LAO) to “secure the effective operation” of the local audit system in England. UK Government officials have described their engagement with Audit Scotland as “instrumental” in

the development of this Part of the Bill. The LAO's proposed functions include setting fees, appointing auditors to eligible bodies, setting the code of audit practice and overseeing a regulatory framework. Subject to the passage of the Bill, the MHCLG plans for the LAO to be legally established by autumn 2026 before assuming its responsibilities during 2027/28.

14. The National Audit Office (NAO) has refused to sign off the Whole of Government Accounts (WGA) for the second year running because of concerns about unaudited accounts. Only [four per cent of councils in England filed full audited data for 2023/24](#) – down from ten per cent in 2022/23 – while 167 councils provided no data at all. With many other public bodies also failing to submit accounts, it's estimated that £73.2 billion of public-sector expenditure was unaudited for 2023/24, leading to the NAO issuing a disclaimed opinion on the WGA.

15. The Housing, Communities and Local Government Committee at Westminster published [a report on 'the funding and sustainability of local government finance'](#), which raised the following key points:

- Local authorities are being asked to deliver more than ever before, but they have not been given adequate funding to do so
- The strain is caused by mandatory, high-cost, demand-led services, limiting councils' control and hindering long-term planning
- The link between taxation and council services is "broken", with residents being asked to pay more but seeing services decline, fuelling dissatisfaction and undermining trust in democracy
- Council tax is "unfair and regressive" and should be replaced, with councils given more control of the system locally in the interim
- Ringfencing of funding should be replaced with an outcomes-based system of accountability, under which councils are held accountable for achieving against agreed outcomes, not spending targets.

Policy area updates

Communities and infrastructure

16. [Aberdeen's incinerator has been closed since mid-June](#) because of a conflict between its operators, with waste being diverted to landfill. The facility is used by Aberdeen City, Aberdeenshire and Moray councils as part of efforts to meet Scottish Government waste management targets, but the company that manages its day-to-day operation is "reviewing its future involvement". It is unclear when the site will reopen but it is believed the councils can recoup the costs of sending waste elsewhere.

17. A group of 53 community councils in the Highlands has [called for a summit with energy ministers](#) over what they describe as a "barrage" of energy infrastructure projects. There are over 700 live applications in the Highland Council area alone, including renewable energy projects, energy storage facilities, and new energy grid infrastructure. Campaigners say local people "feel they have not had a voice" and are being "overwhelmed" by a series of complex applications from large developers.

18. Glasgow City Council and North Ayrshire Council are both set to remove qualified librarians from secondary schools as part of restructuring of school library services intended to save money. [In Glasgow](#), an area-based model is being introduced, with qualified librarians covering a number of schools, each of which will also be served by a library assistant. [In North Ayrshire](#), the five librarian posts that currently cover the nine secondary schools are all being replaced by library assistants.

Health and social care

19. A [report from Healthcare Improvement Scotland](#) showed the Hospital at Home service prevented people from being admitted to hospital in more than 15,000 cases in 2024/25, saving the health service more than £50 million in admission and follow-up treatment costs. The report found more than 650 extra hospital beds and almost 500 care home admissions would have been needed over the year if [hospital at home services](#) did not exist.

20. COSLA announced that its [CHI in Local Government project](#) has received £590,000 funding from the Scottish Government. The project explores the use of the Community Health Index (CHI) number – a unique patient number used across the health service – to improve information sharing and data quality across health, social care and social work services, enabling reduced duplication and better outcomes for citizens.

Housing and homelessness

21. The new Cabinet Secretary for Housing, Mairi McAllan, has said [she wants to ‘step up’ action to deal with the housing crisis](#) and is working on an “enhanced and expedited” plan to address the housing emergency. Ms McAllan highlighted the need to reverse the decline in housebuilding, and has also announced [funding for additional empty homes officers](#) for local authorities, to help bring more privately-owned houses back into use.

22. Campaigners have called on the Scottish Government to [provide immediate financial help](#) to those affected by reinforced autoclaved aerated concrete (RAAC), after the Scottish Housing Regulator reported that 17 social landlords have identified the presence of RAAC in some of their rented properties, with 2,200 homes in total affected. The landlords include nine councils; Dundee City Council is the worst-affected, with 516 social rented homes found to contain the material.

23. Meanwhile, minutes of a meeting in June between then-Housing Minister Paul McLennan and members of Dundee City Council stated that the council’s chief executive, Greg Colgan, had [instructed officers not to engage directly with RAAC-affected residents](#) in order to limit liabilities arising from information provided. The minutes, released in response to an FOI request, contrast this with Aberdeen City Council’s proactive approach to engagement. A council spokesperson said Mr Colgan strongly refutes the accusation and defended the council’s handling of the issue.

Council updates

24. An investigation into the cyber-attack on Glasgow City Council showed [no evidence of data having been stolen](#). The cyber-attack was detected on 19 June when the council was alerted by a third-party supplier to malicious activity on their servers. The council responded by taking affected servers offline, rendering some services unavailable, with work to recover these still ongoing. Attempts were made to download data but all were denied. The council says it has “high confidence” that the incident was contained.

25. [Argyll and Bute Council was the subject of a judicial review hearing](#) at the Court of Session, brought by Helensburgh Community Council regarding the planning process for development of the town’s waterfront including a new supermarket. It is unclear when the Court is likely to issue its decision. The council also faces a judicial review regarding the process that led to its decision to build a new Mull school campus in Tobermory; a hearing on that case is due in October.

26. Midlothian Council has announced that council meetings are to be held in part of a specialist housing complex for up to two years while its headquarters undergoes a £12.6 million programme of repairs and improvements. As a result, while online webcast access (live or recorded) will be maintained, [members of the public won't be able to attend in person](#) due to space constraints.

Other updates

27. The Sunday Times has repeated its analysis from last summer that seeks to [rank mainland council areas \(not councils\) in Scotland from ‘best to worst’](#) according to the performance of certain public services. The analysis is based on a small selection of indicators across education, health, policing and ‘community’ services as well as finance, with each category weighted according to a subjective judgement of importance, and scoring also adjusted for population size. (A fuller explanation of the methodology was provided in the [October 2024 policy update report](#).) The position of every one of the 29 councils is unchanged from 12 months ago, with East Renfrewshire topping the list and Highland at the bottom.

28. Other recent publications of relevance and interest are listed below:

- Local Government Information Unit (LGIU): [Devolution and Community Empowerment Bill – Insights for local government](#)
- LGIU: [What can Scotland and England learn from each other? A discussion between Prof. James Mitchell and David Marlow](#)
- LGIU: [Interview with Richard Lloyd-Bithell, Service Director for Finance and Procurement, the City of Edinburgh Council](#)
- LGIU: [Interview with Cllr Katie Pragnell, East Renfrewshire Council](#)
- LGIU: [Initial reflections on the Fair Funding Review 2.0](#)
- LGIU: [What happens to debt when councils reorganise?](#)

- LGIU: [How can Scottish councils design more inclusive classrooms](#)
- LGIU: [Local government perspectives on zero-fare transit](#)
- LGIU: [Food insecurity in Scotland](#)
- LGIU: [Use of open spaces: how to balance the needs of local communities and the pressures to raise revenue](#)
- Scottish Parliament Information Centre (SPICe): [Balancing the Scottish budget: the challenges ahead](#)
- SPICe: [The Care Reform \(Scotland\) Bill \(formerly National Care Service Bill\) – the final hurdle](#)
- SPICe: [Climate change and the Public Audit Committee](#)
- SPICe: [Child poverty in Scottish local authorities](#)
- SPICe: [Scotland's life and healthy life expectancy: facts and figures](#)
- SPICe: [Links between climate change and health in Scotland \(detailed briefing\)](#)
- Improvement Service (IS): [Place Based Investment Programme brings benefits to councils and communities](#)
- IS: [Scottish Climate Intelligence Service publishes impact report](#)
- COSLA: [CHI in Local Government – Improving outcomes through partnership](#)
- CIPFA: [Social care finance in focus: case study library](#)

Consultations

29. The Convener of the Local Government, Housing and Planning Committee [wrote directly to the Commission Chair](#) in July as part of the Committee's pre-budget scrutiny. The Committee is focusing on public service reform, and would like to know about activity, barriers and impact in relation to local authority transformation. In addition, the Committee is seeking an update from the Commission on progress against the expectations set out in last year's [Transformation in councils report](#).

30. The Commission Support Team is currently working with Audit Scotland colleagues on a draft response, the deadline for which is 29 August. While some of the questions posed are subjective, the response will be firmly rooted in audit evidence, including that report as well as early findings from 2024/25 best value thematic audit work on transformation.

We propose that responsibility for sign-off of the response is delegated to the Chair and Deputy Chair as well as the sponsors of last year's Transformation report (Carol Evans and Jennifer Henderson). The response will subsequently be shared with all members.

Appendix: Quarterly publication stats, Jul 2024 to Jun 2025

Scotland wide publication	Date	Jul Sep	Oct Dec	Jan Mar	Apr Jun	TOTAL
Local government budgets 2025/26	22 May				1,167	1,167
IJB finance bulletin 2023/24 (report)	06 Mar			764	555	1,319
IJB finance bulletin 2023/24 (web)	06 Mar			851	391	1,242
Additional support for learning	27 Feb			3,735	2,948	6,683
Housing benefit overpayments	20 Feb			214	107	321
Sustainable transport (report)	30 Jan			1,602	1,132	2,734
Sustainable transport (web)	30 Jan			2,372	456	2,828
Local gov. financial bulletin 2023/24	28 Jan			1,375	498	1,873
Alcohol and drug services	31 Oct		2,281	1,418	1,474	5,173
Transformation in councils	01 Oct		2,444	765	656	3,865
Tackling digital exclusion	22 Aug	1,248	1,232	1,052	1,273	4,805
Commission annual report 2023/24	08 Aug	304	104	131	114	653
IJB finance & performance 2024 (rpt.)	25 Jul	1,982	1,003	1,103	1,002	5,090
IJB finance & performance 2024 (web)	25 Jul	2,431	1,140	896	404	4,871
BV thematic report: Leadership	11 Jul	317	230	93	125	765
Local government budgets 2024/25	15 May	572	803	824	936	3,135

Council specific publication	Date	Jul Sep	Oct Dec	Jan Mar	Apr Jun	TOTAL
Best Value: Renfrewshire Council	05 Jun				288	288
Best Value: The Highland Council	24 Apr				530	530
Best Value: Argyll and Bute Council	03 Apr				614	614
Best Value: Fife Council	25 Feb			465	455	920
Best Value: East Renfrewshire Council	06 Feb			832	450	1,282
S102: Aberdeen City – C. Tax fraud	09 Jan			1,481	286	1,767
Best Value: Scottish Borders Council	28 Nov		560	294	291	1,145
Best Value: City of Edinburgh Council	24 Oct		647	372	729	1,748
Best Value: Clackmannanshire Council	27 Sep	149	278	150	137	714
S102: Renfrewshire – Dargavel update	20 Aug	323	102	64	84	573

Chair's update

Item 7

Chair of the Accounts Commission

Meeting date:
14 August 2025

Purpose

1. This report provides an update on the engagements and work of the Chair of the Accounts Commission since the Commission met last in June.

Engagement and Commission business

2. Details of my engagements and work since the last meeting are as follows:

Audit Scotland engagement

- Regular meetings with: Alison Cumming – Executive Director of Performance Audit and Best Value, Helena Gray – Controller of Audit, and Vicki Bibby – Chief Operating Officer
- 13 June: Monthly catch-up with Stephen Boyle, Auditor General
- 26 June: Local Government Overview (LGO) Spotlight – audit scope discussion (with sponsors)
- 30 July: Meeting with Blyth Deans, Audit Director, to discuss LGO Spotlight

Commission business

- Regular meetings with Sarah Watters – Secretary to the Commission, and Lee Ovens – Executive Assistant
- 2 July: East Lothian Council Best Value report media day
- 3 July: Future Public Audit Model (FPAM) sounding board – to consider discussion papers 2 and 3
- 29 July: Meeting with Ellen Leaver, Director for Local Government, to discuss Commission intervention options
- 5 August: FPAM sounding board – discussion papers 2 and 3
- 11 August: Commission work programme consultation discussion with Solace

- 12 August: Accounts Commission prep session with Andrew Burns – Deputy Chair, Helena Gray, Sarah Watters, Joe Chapman – Policy Manager, and Callum Aitken – Modern Apprentice

External engagement

- 16 June: Meeting with Jan Savage, Executive Director of Scottish Human Rights Commission
- 27 June: Attended COSLA Leaders meeting with Andrew Burns to discuss the Commission's work programme consultation
- 9 July: Interview with Public Finance (publication date TBC)

Forthcoming activities

3. My forthcoming engagement activities include:

- Regular catch-ups with Helena Gray, Sarah Watters, Lee Ovens, Vicki Bibby, Alison Cumming and Stephen Boyle
- 15 August: Commission work programme consultation discussion with Directors of Finance
- 19 August: FPAM Sounding Board – discussion on papers 3 and 4
- 20 August: East Lothian Council Best Value report follow-up visit (with Jennifer Henderson, Malcolm Bell and Sarah Watters)
- 21 August: LGO Spotlight draft report – review meeting (with sponsors)
- 26 August: Follow-up meeting with Clackmannanshire Council Chief Executive, Council Leader and auditor, accompanied by Andrew Burns (TBC) and Sarah Watters to discuss the council's medium-term financial strategy
- 26 August: Commission work programme consultation discussion with COSLA's President and Vice President
- 2 September: Audit Scotland Audit Committee meeting
- 10 September: Commission strategy seminar
- Date TBC: Commission work programme consultation discussion with Moray Council

Conclusion

4. The Commission is invited to:

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