

Agenda

Thursday 06 November 2025 10.00am

Audit Scotland office, 102 West Port, Edinburgh
and online via Microsoft Teams
526th 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 9 to 16 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. Section 102 report: Comhairle nan Eilean Siar	Controller of Audit	10:10
6. Local government policy update	Policy Manager	11:00
7. Chair's update	Chair	11:10
8. Any other public business The Chair will advise if there is any other public business to be considered by the Commission.	Chair	11:20
<i>Break</i>		11:20

Private session

9. Accounts Commission work programme proposals [Item to be in private as it requires the Commission to consider options for its future work programme.]	Executive Director of Performance Audit and Best Value	11:30
10. Integration authorities performance: draft briefing [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	12:10
11. Controller of Audit's update [Item to be in private as it requires the Commission to consider confidential policy matters.]	Controller of Audit	12:30
12. Section 102 report: Comhairle nan Eilean Siar [Item to be in private as it requires the Commission to consider actions in response to a statutory report.]	Controller of Audit	12:40
<i>Lunch</i>		13:00

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| <p>13. Future Public Audit Model: Discussion paper 2
 [Item to be in private as it requires the Commission to consider confidential policy matters.]</p> | <p>Director of Quality & Support</p> | <p>13:30</p> |
| <p>14. Accounts Commission 2026/27 budget proposal
 [Item to be in private as it requires the Commission to consider confidential financial matters.]</p> | <p>Head of Finance</p> | <p>14:30</p> |
| <p>15. Chief Operating Officer update
 [Item to be in private as it requires the Commission to consider confidential policy matters.]</p> | <p>Chair</p> | <p>14:40</p> |
| <p>16. Any other private business
 The Chair will advise if there is any other private business to be considered by the Commission.</p> | <p>Chair</p> | <p>14:45</p> |

Close of meeting	14:45
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Joint Commission and Audit Scotland Board session – discussion on AI and digital audit with Kenny Oliver and Professor James Baird, University of Glasgow (75 mins approx.)	15:00
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Minutes

Thursday 09 October 2025 10.00am

Audit Scotland office, 8 Nelson Mandela Place, Glasgow
and online via Microsoft Teams
525th meeting of the Accounts Commission

Present:

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

In attendance:

Sarah Watters – Director for the Accounts Commission
Joe Chapman – Policy Manager for the Commission
Alison Cumming – Executive Director of Performance Audit and Best Value (PABV)
Helena Gray – Controller of Audit
Fiona Mitchell-Knight, Audit Director, Audit Services (items 5 and 10)
David Jamieson, Senior Audit Manager, Audit Services (items 5 and 10)
Vicki Bibby, Chief Operating Officer (items 11 to 16)
Kathrine Sibbald, Senior Manager, PABV (item 11 – online)
Adam Bullough, Audit Manager, PABV (item 11)
Carol Calder, Audit Director, PABV (item 11 – online)
Nathalie Cornish, Auditor, PABV (item 11 – online)
Lindsay Stother, Audit Officer, PABV (item 11 – online)
Gemma Diamond, Director of Innovation & Transformation (item 12)
Michelle Borland, Head of Organisational Improvement (item 12)
Simon Ebbett, Head of Communications (item 12 – online)
Paul O'Brien, Director of Quality and Support (items 13 and 14)
Owen Smith, Director of Audit Quality and Appointments (items 13 and 14)
Sally Thompson, FPAM Project Manager (items 13 and 14)

1. Apologies for absence

Apologies were received from Carol Evans.

2. Declarations of connections

Malcolm Bell declared a connection to items 5 and 10, arising from his recent role as a panel member of the Standards Commission for Scotland on a case involving a member from North Ayrshire Council.

Jennifer Henderson and Malcolm Bell declared connections to items 12, 13 and 14 due to their roles within audited bodies.

Having taken advice from the Director and Ethics Partner, neither member considered their respective connections material, and therefore would remain in the meeting and participate in the discussion of these items.

3. Order of business

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

4. Minutes and matters arising from previous meeting

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

- Controller of Audit updates on council capital programmes – Helena is working with the team to develop guidance for auditors.
- 'Recommendations' vs 'expectations' – working with PABV to bring a paper in December or January to explain rationale for when each term is used.

5. Best Value: North Ayrshire Council

The Commission considered the Controller of Audit's (CoA) Best Value report on North Ayrshire Council. The CoA wished to extend her thanks to the Council and the Audit team in completing the 2024/25 audit and transformation thematic work ready for consideration today, as the first of the CoA's Best Value reports based on 2024/25 audit work.

The discussion explored the following themes:

- Finances:
 - Reserve strategy – £85.1 million in earmarked reserves and a 2% contingency reserve. Reserves used to balance budgets in recent years, council exploring sustainable solutions
 - Budget gap – clarification provided regarding differing figures in different reports – due to timing of reports, and larger figure inclusion of health and social care

- Forecasts – internal modelling and monthly finance working group oversight informs Medium Term Financial Strategy (MTFS). Members questioned projections given underspend in 2024/25.
- Health and social care – Integration Joint Board (IJB) is recognised by the council as a significant financial risk, it holds £3 million of reserves, proposed savings for 2025/26 are £4 million, with savings of between £8.1 million and £21.4 million needed for 2026/27 (best- and worst-case scenario planning).
- Transformation:
 - Governance and delivery – well-governed programme, £3.1 million savings delivered to date, £8.5 million projected in the next three years, includes innovative projects such as a solar PV farm, first of its kind for a council in Scotland
 - Strategic ambition – programme is mainly focused internally, outward look now needed and the council is exploring opportunities with the other Ayrshire councils
 - Benchmarking – council reviews local performance indicators to identify areas for improvement, which feeds into planning services and informs strategic planning
- Performance:
 - Public reporting – council is addressing previous challenges with keeping online information up to date; dashboard completion due in March 2026; updated website launched in July 2024
 - Education – the region is an area of high deprivation with high costs per pupil due in part to pupil / teacher ratio, against low attainment figures. HMIE reports positively on how the council supports schools to improve the quality of education. Acknowledged challenges that government policies can have for savings in this area
- Community engagement:
 - Budget consultation – opportunity to share good practice on engagement with communities with other councils
 - Transformation – report recommends improvement in relation to sharing information on transformation work publicly
 - Community asset transfers – high number of transfers, no known quantification of savings but the primary objective of the policy is community capacity building rather than financial savings

Members also commended the council and audit team for their work in concluding the 2024/25 audit on time, allowing timely consideration of the council's position by the Commission.

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:

- Scottish Budget – date revised to Tuesday 13 January 2026 at request of Finance Committee, much later than normal, will have implications for council budget setting timescales
- Teachers' unions – ballot on strike action, no agreement on teachers' pay, conversations continue regarding teacher contact time reduction commitment from Scottish Government
- Community Wealth Building Bill – going through Scottish Parliament, the Committee's Stage 1 report has been produced supporting general principles

During discussion, the following points were raised:

- Falkirk Council – savings made from ending PPP schools contracts; no further info available but acknowledge costs will be incurred as management of schools and services is taken over; will be looked at as part of all councils' annual audits
- 'Pride in Place' fund – Joe will look into how this funding was allocated and whether COSLA was involved in any discussions

Action: Policy Manager for the Commission

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:

- Meeting with the Cabinet Secretary for Finance and Local Government the previous day - positive discussion, values Commission's work. Discussed IJB finances and encouraged further work in this area. Keen to see Commission's Work Programme when produced later this year. Encouraged Commission to help identify and share good practice.
- Meeting with Permanent Secretary, Joe Griffin, next week – planning to discuss how the Commission can support public service reform including single authority models

Andrew, Ruth and Sarah recently visited Glasgow City Council as a follow up to their S102 report. Andrew said it was a positive discussion, with the council providing evidence of significant changes to committee terms of reference, scheme of delegated functions, and arrangements for Chief Officer departures, which was very encouraging.

Following discussion, the Commission noted the update.

8. Any other business

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

9. Controller of Audit's update

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

- Audit delivery 2023/24
 - Update on late audit delivery, with two councils working towards October sign-off for 2023/24 audits. Timescales for 2024/25 audit will now be provided in November, to allow 2023/24 audit completion to be prioritised.
 - Clackmannanshire Council – officers and auditors were asked to jointly provide an updated delivery timeline for the 23/24 audit which has not yet been received
- Audit delivery 2024/25
 - 15 council audits and 17 IJB audits completed by the end of September with others expected to have been completed by firms (awaiting updates); improvement on last year; at least 15 Best Value thematics also completed
 - One council has not yet produced unaudited accounts as planned; expected to submit to the auditor this week

During discussion, a number of points were discussed:

- The Commission remains concerned about audit delivery within Clackmannanshire Council and asked that the Controller of Audit continue to work with auditors and the council to seek confirmation, after which the Commission can consider the most appropriate next steps as part of the escalation process outlined in the draft response framework discussed at a previous meeting
- Update requested in the next couple of months on late audits; noting the importance of ensuring quality as well as timeliness

Action: Controller of Audit

Following discussion, the Commission noted the update.

10. Best Value: North Ayrshire Council

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

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

Andrew Cowie left the meeting

11. Delayed discharges performance audit – draft output

The Commission considered a paper by Alison Cumming, Executive Director of Performance Audit and Best Value (PABV). Alison noted that some of the data is subject to updates from Public Health Scotland and the report will be amended as required, with any material changes being shared with the Commission prior to publication. Alison also explained that the integration authorities' performance output will be published at the same time as the delayed discharges report, in early January.

During discussion, a number of points were raised:

- Members recognised the team's hard work on the report, and the challenge of ensuring a clear and focused scope despite a complex range of issues; keen to encourage local authorities, IJBs and other relevant bodies to make use of the report and the data tool
- Some feedback on length – suggestion to edit to maximise impact, with clear recommendations that are action-focused and easy to follow up, and potential for sharing of good practice
- Discussion around 'opportunity costs' in relation to delayed discharge beds as opposed to any actual cost savings; knock-on impacts across the health and social care system as well as individuals' wellbeing; availability of funding to support preventative approaches; and quantifying or otherwise reflecting the human impact

Commission members made several suggestions regarding terminology or clarity of wording, which the team will review and implement as necessary.

- Eligibility criteria – wider piece of work not included within this scope, but is being considered as an option in planning the future work programme

Following consideration, the Commission:

- Approved the draft report, key messages and recommendations
- Agreed to delegate to the sponsors approval of any required final amendments resulting from the Commission's considerations, the clearance process and updates to data
- Agreed the proposed publication arrangements
- Noted the publication schedule

12. Public audit in Scotland – interim evaluation report

Gemma Diamond, Director of Innovation and Transformation, Michelle Borland, Head of Organisational Improvement, and Simon Ebbett, Head of Communications presented the draft Public Audit in Scotland (PAIS) interim evaluation report, inviting the members to give their feedback on the recommendations within.

The team acknowledged the lengthy report, adding that this was necessary to cover the story and impact of the work, something that the internationally recognised consultant from Matter of Focus, who Audit Scotland has been working with for this evaluation, has recognised as exemplary.

A number of points were discussed:

- Executive summary – members recommended the inclusion of this to cover all the main points in a digestible way, including on the evaluation work, not just key messages and recommendations. It was noted that the report will be published in a web format, similar to the Commission's annual review
- Recommendations – acknowledgement of the need for specific and time-bound recommendations to support follow-up work; confident that plans set out for timescales, resource and implementation of follow-up work is achievable
- Outcomes – discussion around the overall tone of the report, and the need to avoid a perception of complacency. Progress made in relation to some outcomes more than others; for example, relatively few recommendations on collaboration and improving public services
- Audit timeliness – the figure of 61% of audits completed on time was noted, with a suggestion for more context to acknowledge the emphasis on quality alongside timeliness, as well as amendments needed as part of the audit process

Following discussion, the Commission:

- Noted the contents of the report
- Noted that, subject to any amendments agreed, the report will be tabled for approval at Audit Scotland's November meeting, and published to the Audit Scotland website in December

13. Future Public Audit Model discussion paper 4

The Commission considered the Future Public Audit Model project's Discussion Paper 4 on the theme of the delivery model for the annual audit, presented by Owen Smith, Director of Audit Quality and Appointments, and Sally Thompson, Future Public Audit Model Project Manager.

The report sets out a number of questions for consideration by the Commission and the Commission agreed its preferred options

14. Future Public Audit Model discussion paper 5

The Commission considered the Future Public Audit Model project's Discussion Paper 5 on the theme of communicating the model for the annual audit in a Code of Audit Practice (or equivalent), presented by Paul O'Brien, Director of Quality and Support, and Sally Thompson.

The report sets out a number of questions for consideration by the Commission and the Commission agreed its preferred options.

15. Chief Operating Officer update

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission. During discussion, the following points were raised:

- Scottish Commission for Public Audit (SCPA) engagement on the Scottish Budget – informal session held recently; final session still likely to be in December despite delay to Scottish Budget. Commission's budget working subgroup to meet after this Commission meeting, then budget presented to Commission in November for agreement
- Audit fees - Vicki will share draft letter with Chair and Director once the decision around fees for next year is agreed
- Future Public Audit Model (FPAM) discussion was held with Public Audit Committee as part of informal engagement on the FPAM project
- UK and Ireland Chief Operating Officers met on 03 October, part of regular engagement; good discussion on plans for Local Audit Office and potential future engagement with Audit Scotland.

16. Any other business

The Director raised one item of business in relation the changes in audit appointments. The Commission approved the following changes to audit appointments, following the retirement of an Audit Scotland's Senior Audit Manager in October:

- Gillian McCreadie to be appointed to Perth & Kinross Charitable Trust
- David Jamieson to be appointed to Tayside and Central Scotland's Transport Partnership (TACTRAN)

Close of business

There being no other business, the Chair closed the meeting.

Accounts Commission Action Tracker
As at: 29 October 2025



Action No.	Date	Action	Action by	Assigned to	Timescale	Progress	RAG Status	Date complete
25/035	09-Oct-25	Audit delivery updates Helena to provide an update on late running audits	Controller of Audit	Helena Gray	Dec-25	Helena is holding discussions with auditors and aims to provide an update by December meeting	In progress	
25/034	09-Oct-25	'Pride in Place' fund Joe will look into how this funding was allocated and whether COSLA was involved in any discussions	Policy Manager	Joe Chapman	Nov-25	Joe will provide a update in the November Policy Update report	Complete	29/10/2025

Section 102 report: Comhairle nan Eilean Siar

Item 5

Meeting date:

6 November 2025

Controller of Audit

Purpose

1. This paper introduces the Controller of Audit report on the 'Cyber-attack affecting operations and services' at Comhairle nan Eilean Siar, 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 Comhairle nan Eilean Siar (the Comhairle) was considered by the Comhairle's Audit and Scrutiny Committee on 25 September 2025 and is [publicly available](#). A disclaimer of opinion was issued over the annual accounts. This was a consequence of the November 2023 cyber-attack, which left key elements of the Comhairle's accounting records inaccessible and meant sufficient appropriate evidence could not be obtained.

4. The auditor highlighted the significant and immediate impact of the cyber-attack in the AAR, noting that finance systems were particularly affected. In some cases, systems had to be completely rebuilt due to inaccessible backups. The recovery effort required substantial resources and placed sustained pressure on staff over an extended period.

5. 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 AAR provides a full background on the cyber-attack, the impact of the cyber-attack on the wider scope audit areas and draws on the findings of subsequent internal audit reviews.

The Controller of Audit report

7. 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).

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. The Controller of Audit report was sent to Comhairle nan Eilean Siar on 29 October 2025, the same date it was issued to the Commission. The Comhairle has been advised that it is obliged to supply a copy of the report to each member of the Comhairle and to make additional copies available for public inspection. The Comhairle will also forward copies of the report to the former senior officials concerned. Once the Controller of Audit's report is sent to the Comhairle it is effectively in the public domain.

Procedure

10. 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.

11. 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.

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. 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.

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

15. The Comhairle 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 Comhairle has met, notify the Commission of any decisions made, and publish in a newspaper circulating in the local area a notice containing a summary, approved by the Commission, of the council's decision.

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

Publication arrangements

17. The report is due to be published on 27 November 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 Chair will front the media for this report.

Conclusion

18. 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 Comhairle nan Eilean Siar

Cyber-attack affecting operations and services



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
November 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 2023/24 AAR for Comhairle nan Eilean Siar (the Comhairle) from the appointed auditor, Claire Gardiner (Audit Services Group, Audit Scotland). The auditor's AAR was considered by the Comhairle's Audit and Scrutiny Committee on 25 September 2025 alongside the annual accounts for the year 2023/24. The auditor issued a disclaimer of opinion, as they were unable to obtain sufficient audit evidence over transactions and balances within the financial statements. This was due to a cyber-attack and subsequent data loss on 7 November 2023, which resulted in the Comhairle being unable to retrieve a significant amount of data, including underlying financial records.
- 3.** I have decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring this issue, and the Comhairle's response, to the Accounts Commission's attention.

Background

- 4.** In November 2023, the Comhairle experienced a significant cyber-attack that resulted in the encryption of numerous systems and backups, rendering them inaccessible. This included critical financial systems such as the general ledger and associated accounting records. The impact was substantial, with several systems requiring complete reconstruction due to the unavailability of usable backups.
- 5.** In the immediate period following the attack, temporary solutions were put in place to ensure that suppliers and staff were paid and to ensure that some form of financial monitoring could be undertaken.
- 6.** The extent of the data loss meant that completing the 2023/24 annual accounts in line with the 30 June 2024 deadline was not possible. The unaudited accounts were published in January 2025 and were based on recovered information from a variety of sources. The Comhairle acknowledged that there would be gaps in the data which could lead to a modified audit opinion.
- 7.** The recovery from the cyber-attack has taken substantial resource to implement and placed considerable pressure on staff over a sustained

period. It is important to highlight that there are still systems which are not fully rebuilt almost 2 years on from the attack.

Understanding the cyber-attack

Timeline of the cyber-attack

8. The Comhairle experienced a sophisticated ransomware attack on 7 November 2023 and employees and customers were unable to access the Comhairle's systems and data. The attackers had installed malware (malicious software) after they gained unauthorised access to the system. A number of the Comhairle's systems and back-ups were affected, including the general ledger and other accounting records.

9. After discovery of the cyber-attack, the Comhairle immediately commenced emergency arrangements. It called a meeting of the Corporate Management Team (CMT) to co-ordinate the response and contacted the Scottish Government, the National Cyber Security Centre (NCSC) and the Cyber and Fraud Centre (CFC).

10. The Comhairle's primary focus was on front line service continuity and communicating with staff, service users, suppliers and the local community. Temporary telephone contact numbers were put in place within 24 hours, and an interim website was created to give the public key information.

11. A summary of the timeline of key events outlined in this report and the action taken by the Comhairle is included in the [Appendix](#).

The impact of the attack across services varied with the most significant impact being on financial services

12. The impact of this attack on the Comhairle was immediate and severe. All servers were encrypted making major Comhairle systems inaccessible and resulted in the near-total loss of use of the data held on the Comhairle's file servers.

13. Only cloud-based systems, principally Microsoft 365, were unaffected. This meant that, following confirmation from an external security authority that Microsoft 365 had not been compromised, email, Teams and SharePoint could be used. This proved critical to how the Comhairle was able to operate in the early days of recovering from the attack, when Teams and email were the primary way of contacting staff and customers. Mobile phones also played a vital role, with additional devices issued to staff and external sites, such as schools, to re-establish communication lines.

14. The impact of the cyber-attack varied across Comhairle services. Those operating primarily on cloud-based platforms experienced minimal disruption to core systems, though they were affected by the loss of data stored on file servers and temporary breakdowns in communication channels. In contrast, services reliant on Comhairle servers were significantly affected, with finance being the most severely impacted due to the encryption and loss of access to the general ledger and other critical accounting records. [Exhibit 1](#) shows the variation of the impact of the cyber-attack across services.

Exhibit 1

Cyber-attack impact across services

Service	Impact
Strategic finance	The overarching impact on finance was the inability to monitor budgets and spend, however, there were significant impacts across various systems: Revenues and benefits- Capita The Capita IT system runs Council Tax, Non-Domestic Rates (NDR) and benefits. Council tax and NDR income was received, but it wasn't possible to link receipts to individual customers. Delays in benefit payments could have seriously affected vulnerable residents, so the council worked with the Department for Work and Pensions (DWP) to manually recreate payment files. Welfare benefits were issued based on previous records, with the Comhairle accepting the risk of overpayments and potential loss of subsidy. The biggest ongoing challenge is with the benefits system, where not enough data remains to fully restore it. The Benefits team is now rebuilding the system manually by re-entering data through the front end. General ledger- Authority Financials Due to a lack of system receipts and payments became reliant on manual processes and paper-based purchase orders which required additional resources and resulted in significant payment delays. HR/ Payroll Resourcelink was impacted which meant all personal data was inaccessible and recruitment was temporarily halted. Despite the disruption, staff were paid on time in November using the previous month's salary data. Once the system was fully restored, necessary adjustments

Service	Impact
	were made to reflect actual overtime, expenses, and other pay-related changes
Health and social care	The majority of systems in place were cloud-based and the impact was therefore minimal. The Service Business Continuity Plan was actioned immediately. The main issue arising was the lack of telephony system to allow service users to be contacted.
Assets and infrastructure	The systems in place for these services were cloud based and suffered minimal impact.
Education	The Education systems were on a separate network and therefore there was minimal impact. The main issues arising were the lack of telephony system to allow service users to be contacted and staff access to Scottish Electronic Education Management Information System (SEEMIS) was temporarily cut as a precautionary measure.
Planning	Planning applications could not be processed in the immediate aftermath and a move to manual applications was made via the temporary website from December 2023.
Municipal services	There was only a minimal impact with the inability to monitor finances being the most significant outcome. The Building Energy Management System was still operational but access to the system was lost and any issues arising had to be addressed manually on site.

Source: Internal Audit report on the cyber-attack of November 2023 and the lessons learnt

Impact of the cyber-attack on financial management and the audit of the annual report and accounts

15. The auditor reported that prior to the cyber-attack the Comhairle had appropriate and effective systems of internal financial control and reporting. However, the attack meant that the Comhairle could not access any of its financial systems and had lost a significant amount of its data.

16. The Comhairle was unable to record any income received or payments made or match them to pre-existing information held on its systems, such as sales and purchase orders. Many internal controls which management rely on, such as authorisation levels, are inbuilt into financial systems. Without these systems in place the control environment was weakened. Temporary financial arrangements were put in place to ensure there were appropriate controls over authorisation of expenditure, such as paying staff and suppliers.

17. The loss of the financial ledger following the cyber-attack meant that revenue and capital budget monitoring was not possible after November 2023. Manual processes were recreated, and financial information was gradually rebuilt using emailed documents, but a complete financial picture for 2023/24 was not available until after the year-end.

18. The full year capital outturn was presented to the Policy and Resources Committee on 25 September 2024, three months later than normal. The full year revenue outturn to 31 March 2024 was presented to the Comhairle meeting on 4 December 2024, six months later than normal.

19. Throughout 2024/25, financial monitoring reports have been delayed. The second quarter revenue monitoring report (covering the period to September 2024) was not presented to the Policy and Resources Committee until February 2025.

The auditor issued a disclaimer of opinion on the annual report and accounts

20. The finance team recreated accounting records using a trial balance detailing transactions and balances up to October 2023 and recorded transactions manually using Excel. However, there are significant limitations to this approach including a lack of supporting documentation for the period prior to November 2023. It meant there was not the level of detail required to substantiate the completeness, accuracy and authenticity of financial transactions for 2023/24.

21. The auditor was unable to obtain sufficient audit evidence concerning the transactions and balances within the 2023/24 financial statements. The auditor considered this issue to be pervasive to the financial statements as a whole and has provided a disclaimer of audit opinion on the Comhairle's Annual Accounts in 2023/24.

22. The cyber-attack also impacted the auditor's opinion in 2022/23 and was treated as a post balance sheet event and disclosed in the 2022/23 accounts. The auditor obtained sufficient evidence to support their opinion but included an 'emphasis of matter' to highlight the disclosure. As Comhairle nan Eilean Siar lost access to its financial systems from November 2023, the auditor also reported this loss of accounting records by exception.

23. The ledger became operational in October 2024, and the finance team worked to input the necessary data to reconstruct the council's financial position. Efforts also focused on rebuilding robust financial controls, re-establishing reliable audit trails, and ensuring data completeness and accuracy. Looking ahead, the Comhairle will need to undertake significant remediation efforts to restore the integrity of its financial systems and records.

24. A return to an unqualified opinion will depend on the Comhairle's ability to demonstrate sustained progress in financial governance and system resilience.

The cost of the cyber-attack is significant

25. The Comhairle has reported that the direct costs of the cyber-attack are approximately £0.95 million with £0.3 million of this being on a recurring basis as the Comhairle focuses on "building back better".

26. The Comhairle reported that £0.25 million of funding was secured from the Scottish Government to alleviate the burden of the one-off costs. The Comhairle is also pursuing an insurance settlement to further reduce these initial, non-recurring costs.

27. The costs identified by the Comhairle relate only to direct expenditure, including consultancy fees, cloud setup costs, and ongoing charges for cloud-based systems.

28. However, there were also significant indirect costs, particularly in relation to staff time spent on recovery efforts. The volume of work increased substantially as manual processes were introduced to replace automated systems.

29. Internal Audit reported that staff were stretched to capacity, and that the increased workload and pressure are likely to continue affecting operations until full normality is restored, potentially months or even years into the future.

30. It is important that the financial impact of lost staff time and the effect on staff morale among Comhairle employees are not underestimated. While significant effort has been made to recover systems and services, the opportunity cost of diverting staff from their usual duties to support recovery work has not been fully considered. This has placed additional pressure on teams already managing the consequences of the cyber-attack.

How the Comhairle responded

The Comhairle escalated the issue appropriately

31. The Comhairle became aware of an issue in the morning of 7 November 2023 and it was initially thought it was a software or hardware issue which was causing network wide disruption to servers or telephony service. The Corporate IT section immediately investigated the issue and by early morning it had become apparent that the Comhairle was the victim of a ransomware attack.

32. An emergency CMT meeting was called in the afternoon and given the nature of the issue IT staff, resilience staff and the Leader were invited to attend. The purpose of the meeting was to understand the extent to which systems were affected and the impact it was having on services from all areas of the Comhairle. Chief officers and heads of service attended the meeting to inform this discussion.

33. The work undertaken by IT in the immediate aftermath of discovering the cyber-attack is summarised in the [Appendix](#). This included escalation with the Scottish Government, NCSC and the Cyber and Fraud Centre.

The Comhairle used governance arrangements in line with the corporate business continuity plan

34. Immediately after the cyber-attack, the Comhairle focused on front line service continuity and communicating with staff, service users, suppliers and the local community.

35. The CMT met up to twice daily to assess the situation and prioritise recovery actions until an Incident Management Team (IMT) was set up. The CMT continued to include relevant officers from IT, Resilience, and Communications and focused on service challenges, updates on the scale of the attack and progress with recovery.

36. The IMT was formally setup on 20 November, with its inaugural meeting taking place on 21 November, this was two weeks following the attack. The constitution and priorities of IMT were set out by CMT – it would act as the main group to lead the recovery process, with approvals as required taking place by CMT.

37. The IMT developed a risk profile matrix and a prioritisation log, and in discussion with departments developed a scope for recovery which focussed on ensuring day to day business could be restored to full functionality as soon as was possible. It initially focussed on paying staff

and suppliers, as the system recovery processes were still largely unknown due to the inability to access or restore the backups at the disaster recovery site.

38. IMT meetings became less frequent over time, moving to monthly from June 2024 as recovery actions were implemented. The IMT concluded operations in November 2024, and the remaining systems work was delegated to individual services. The Comhairle reported in April 2025 that all IT systems affected by the cyber-attack were functioning. However, there is backlog of work attributed to the need to rebuild data, which is the responsibility of individual services.

39. Actions to strengthen the Comhairle's cyber resilience and security are ongoing and are monitored by the Audit and Scrutiny Committee.

The Comhairle used interim work arounds to ensure continuity of service

40. The Corporate Business Continuity Plan, approved in June 2023, outlined the need for a coordinated incident response. While the CMT responded effectively in the immediate aftermath of the cyber-attack, the application of the plan was inconsistent across departments.

41. In many cases, departmental Business Continuity Plans (BCPs) were not used, as the scale of the attack exceeded anticipated scenarios. Where BCPs were applied, they provided a useful framework, but a pragmatic approach was often required to maintain essential services.

42. Recovery of non-cloud-based systems was complex and relied heavily on the expertise of the IT team, the IMT, and support from software suppliers. Understanding the interdependencies between systems added further complexity, and ensuring accurate data flow between services took considerable time to establish.

43. The payroll and HR system was among the most critical systems affected. Recovery efforts began immediately, with IT support enabling a front-end rebuild. Processes were put in place to run payroll by the end of November, and partial system functionality was restored by mid-December.

44. The complete loss of the Authority Financials system raised concerns among suppliers about the Comhairle's ability to make payments. Finance staff faced a significant workload to develop manual workarounds that would allow payments to continue and ensure data could later be migrated back into the ledger once operational.

45. The combined pressure of supplier concerns and a sharp rise in customer queries placed considerable strain on staff. An FAQs section was added to the temporary website to help manage enquiries, but the volume of emails and requests was significant. The Comhairle has

indicated that this had a noticeable impact on staff stress and morale, although no formal assessment of this was undertaken.

External agencies were engaged and concluded

46. On the day of the cyber-attack the Comhairle reached out to the Scottish Government, NCSC and the Cyber and Fraud Centre for advice. The Information Commissioner's Office (ICO) was informed on 9 November of the cyber-attack regarding the potential data loss and it was confirmed in May 2024 that no regulatory action would be taken.

47. Throughout the immediate aftermath the CMT were made aware of the third-party support being received and actions were taken based on advice from the NCSC e.g. the nature of external media communications was restricted due to the fact attackers would be able to assess the damage caused and have insight on the corrective action.

48. NCC Group, specialist cyber security forensic investigators were commissioned in partnership with the Scottish Government to conduct an independent investigation of their network to ascertain the following:

- What happened?
- What is the scope of the incident?
- What is the root cause of the incident?
- What data was accessed or stolen?

49. The independent investigation found no Indicators of Compromise in relation to how the Comhairle's network was accessed. The actual cause of the attack therefore remains unknown. The review identified nine opportunities to improve security, six of which have been fully implemented, a further two are in testing and the final recommendation is being considered.

50. The review was targeted and focused on the specific cyber-attack rather than the wider policies and procedures. A wider lessons learned review was conducted by the Comhairle's internal audit team as reported at paragraph 54.

The Comhairle has made progress against its recovery plan

51. The Comhairle prioritised the rebuilding of IT infrastructure across services, in line with the project plan created by IMT. This plan focused on interim solutions, rebuilding IT infrastructure and supporting services with the development and rollout of IT systems.

52. It was the Comhairle's ambition to "build back better" and therefore increased cyber resilience has been built into all systems across the Comhairle network.

53. An update was presented to the Policy and Resources Committee in April 2025 confirming that all IT systems affected by the cyber-attack were now operational. Services are continuing to integrate data into the new IT systems while simultaneously working through a significant backlog of tasks. This is particularly evident in revenues and benefits and planning services, where the disruption continues to have an impact. In revenues and benefits, staff are actively working to re-populate the system with historical and current data, which is placing sustained pressure on teams. It is anticipated that this recovery work will continue throughout 2025/26.

Lessons learned

Audit reviews found that there were a number of areas where cyber security could have been strengthened

54. The Comhairle requested that internal audit conduct an evaluation of the Comhairle's response to the cyber-attack. The resulting report assessed the effectiveness of the Comhairle's actions during and after the attack, including the implementation of new processes and controls. It also reflected on lessons learned throughout the recovery phase and provides recommendations aimed at reducing the risk of future cyber incidents.

The Comhairle's readiness

55. The lessons learned primarily concerned the Comhairle's preparedness for a cyber-attack and the resilience of its underlying IT systems, rather than the immediate response to the incident.

56. Both Audit Scotland and Internal Audit identified recurring issues in their respective reviews of the Comhairle's cyber resilience and IT arrangements. Audit Scotland raised concerns in its 2021/22 and 2022/23 annual audit reports, many of which were echoed in the Internal Audit lessons report following the cyber-attack. These findings share common themes, particularly around weaknesses in IT infrastructure, preparedness, and staff capacity. The areas of overlap are outlined below

- **IT infrastructure and cyber resilience:** many of the Comhairle's systems were hosted locally so they were more vulnerable than cloud-based systems. Back-ups stored at the disaster recovery site were not sufficiently robust to minimise the impact of the attack. However, Internal Audit concluded that while there were clear weaknesses, the system in place was considered adequate at the time, based on previous IT reviews and feedback from the National Cyber Security Centre (NCSC).
- **Testing and preparedness:** cyber and disaster recovery exercises (including penetration testing) were conducted on an ad hoc basis and had not been conducted recently. The IT health check was overdue and the Public Sector Network (PSN) certification had expired for 2022/23 and was not yet renewed. A Cyber Incident Response Plan and Disaster Recovery Plan had not been finalised and approved by members.
- **Staff training and capacity:** 30 per cent (5/17 positions) of the IT Team positions were vacant at the time of the attack (including

Senior Systems Analyst) which had significant implications for progressing disaster recovery and cyber resilience plans and activities. Information security training had lapsed for staff (should be at least every 2 years) and the uptake from staff had not been sufficiently monitored.

57. In addition to the above the 2022/23 Audit Scotland Report highlighted issues with the risk management arrangements.

- The Asset and Infrastructure risk register covers IT and cyber security risks and includes several 'high' or 'extreme' risks. The format of this register lacks key information such as timescales and responsible officers for completing any 'Risk Actions'. The 'Solutions' column in the register is blank or has unclear actions with no timescales. The register is used as an internal log for the IT department, rather than being considered by a designated governance committee to provide sufficient review and challenge of the risks and appropriateness of mitigating actions. There was no clear Committee responsibility for oversight of IT risks.

58. Both Audit Scotland and internal audit concluded it is not possible to say whether addressing the control weaknesses would have prevented the cyber-attack, as organisations with more robust cyber security arrangements have been victims of cyber-attacks. Internal audit concluded that the Comhairle's IT infrastructure was adequate for the resources available but accepted that it could have been improved, while noting that this would have required a formal request for additional resources.

The Comhairle's response

59. The Internal Audit review concluded that the Comhairle's initial response to the cyber-attack was swift and led by the leadership team. Internal audit found no significant weaknesses in the response, though two areas for improvement were identified.

60. First, while the Corporate BCP provided a useful framework for the CMT its application was inconsistent across departments. Internal audit recommended that going forward, the corporate template should be used consistently across all services, with departmental BCPs supporting broader business continuity efforts.

61. Second, there was no formal communications strategy for disaster-related events. Although external communications were frequent and focused on reassuring the public, suppliers, and service users, this relied heavily on increased staff workload. Internal communications were more sporadic, highlighting the need for a more structured approach to staff updates in future incidents.

The Comhairle has responded to the recommendations in the reports but there are still actions outstanding

62. The internal audit report made ten recommendations to management which have been monitored through quarterly reporting to the Audit and Scrutiny Committee.

63. At September 2025 it was reported that 50 per cent of the recommendations had been fully implemented with the remaining 50 per cent being partly implemented with further work required to meet the objective of the recommendation. The most significant areas outstanding relate to:

- full implementation of staff training programmes and following up on those failing against phishing exercises;
- testing of the newly developed Cyber Incident Response Plan, Disaster Recovery Plan and Business Continuity Plan; and
- full compliance with the NCSC cyber security principles which covers the approach to risk management.

64. Audit recommendations are made to improve governance arrangements and help public bodies safeguard public assets. From review of the audit reports we have noted that there was no agreed timeline for the implementation of the recommendations.

65. It is essential that realistic and achievable timelines are agreed when recommendations are accepted following audit work. This ensures that there is clear accountability for delivery and enables effective monitoring of progress. Overly ambitious deadlines can undermine confidence in the process and result in delays or incomplete implementation. By setting practical timeframes, services are better positioned to plan resources, prioritise actions, and embed improvements sustainably. This also supports transparent reporting to senior management and governance bodies, reinforcing the Comhairle's commitment to continuous improvement and risk mitigation.

A further external review concluded that key controls are in place and generally operating effectively

66. Glasgow City Council Internal Audit section was asked by the Comhairle to undertake a review of the actions taken by the Comhairle to improve its security posture and IT Resilience.

67. The audit concluded that a reasonable level of assurance can be placed upon the control environment and that key controls are in place and operating effectively.

68. The audit identified areas for improvement in the current arrangements and set out one high-priority recommendation and four medium-priority recommendations.

69. The high-priority recommendation relates to formalising timelines for vulnerability management. While annual external penetration testing is carried out as part of the PSN IT health check, other vulnerability scanning is done on an ad hoc basis, and there is no documented schedule. Additionally, the timing for applying critical patches outside the regular patch cycle is not formally recorded. These gaps increase the risk that vulnerabilities may not be identified or addressed promptly.

70. Management has accepted all of the recommendations and developed a detailed action plan to address them. The recommendations align with those outlined in paragraph 56 and reflect that work is ongoing to address issues raised in previous audit reports.

71. Although work is ongoing, improvements reported by Glasgow City Council Internal Audit demonstrate progress against the actions set out in the 2021/22 and 2022/23 Audit Scotland reports. Key developments include:

- **IT infrastructure and cyber resilience:** Backup processes have been enhanced through the use of local and cloud-based immutable solutions, with monthly recovery testing now in place. However, the Comhairle has not yet implemented a fully air-gapped backup, which would provide complete isolation from its network and strengthen cyber resilience.
- **Testing and preparedness:** A cyber incident response plan and disaster recovery plan were presented to the Audit and Scrutiny Committee in September 2025. Formal testing arrangements, however, are still to be established.
- **Staff training and capacity:** While appropriate information security training has been developed, the completion rate is not currently being monitored. In addition, a defined and agreed schedule for refreshing the training has yet to be put in place.

72. Although not covered by the external review we reported in our 2023/24 AAR that the Comhairle has partially implemented our recommendation regarding risk registers. Each risk now has a named responsible officer. However, the associated actions remain high-level and lack specific target dates for completion.

Conclusion

73. The cyber-attack on the Comhairle's systems on 7 November 2023 was highly sophisticated and continues to have a significant impact on its operations.

74. Both the auditor and the independent reviews commissioned have identified that the organisation had gaps in their cyber security, business continuity and disaster recovery arrangements in place. It is not possible to conclude whether a more robust control environment would have prevented the cyber-attack however, stronger controls may have helped to reduce its impact or improve the speed of detection and response.

75. The financial impact of this incident has been estimated but does not include the significant time burden placed on staff and the Comhairle will continue to experience the consequences of this attack for a while to come. While significant progress has been made some key systems have yet to be rebuilt, such as the Housing Benefits, Council Tax and Non-Domestic Rates systems. It is recognised these systems contain high volumes of data and rebuilding this will take time.

76. The audit reviews identified a number of recommendations which the Comhairle's management has accepted. Public-sector bodies are encouraged to reflect on the findings set out below and learn lessons from the Comhairle's experience:

- IT infrastructure: Locally hosted systems are more vulnerable to cyber threats. Organisations should review their infrastructure to ensure it is resilient and meets recognised disaster recovery standards.
- Preparedness and testing: Cyber testing and disaster recovery exercises should be conducted regularly. Incident response and recovery plans should be formally approved and routinely tested to ensure readiness.
- Staff training: Information security training should be delivered to staff on a regular basis, with uptake actively monitored to ensure full organisational coverage.
- IT team capacity: The capacity and capability of IT teams should be managed to ensure they can effectively deliver cyber resilience activities and maintain recovery plans.

77. This incident highlights the importance of robust cyber security safeguards. No organisation can fully mitigate the risk of the ever-increasing threat and sophistication of a cyber-attack but it's crucial that organisations are prepared.

Appendix

Timeline of key events

Date	Event
7 November 2023- morning	- Activity logs show that servers began dropping offline between 3am and 5am following suspicious activity, following this the server which contained the activity logs was taken offline by the attackers. - The Comhairle became aware of an issue causing network wide issues to servers and the telephony network. This was initially thought to have been a technical or hardware issue and was investigated by the Corporate IT section. - Hardware supplier support services were contacted to determine the cause of any issues. - It became apparent early morning that the Comhairle was the victim of a ransomware attack which had brought systems to a halt and rendered them inaccessible. Eventually all data held on servers was encrypted.
7 November 2023- midday	A ransomware request was received, the purpose of which was to offer to decrypt or prevent the leakage of data following payment of the ransom.
7 November 2023- afternoon	- Internet access was disconnected as a precautionary measure. - An emergency meeting of the CMT was called. The attendance was widened to include IT staff, resilience staff and the Leader. The meeting covered service issues; implementation of business continuity plans, interim measures to support staff and proposals for communicating with stakeholders - Work to isolate servers had begun by 1:50pm and the disaster recovery site at Western Isles Hospital was manually isolated by 2:50pm. - The NCSC was contacted to report the cyber-attack, followed closely by the Cyber and Fraud Centre and then the Scottish Government. - It became apparent that the cyber-attackers had managed to use the account of an employee and had added this account to all distribution lists for maximum impact. Immediately after this discovery the e-mail profile and user account was disabled.

Date	Event
7 November 2023-evening	The Scottish Government co-ordinated a multi-agency emergency meeting including the Scottish Government, NCSC, Local Authority Resilience and the NCC Group. This meeting took place at 7:30pm on 7 November and began the full process of support and assistance with the attack.
8- 20 November 2023	- Between 7 and 16 November CMT continued to meet daily, with requirements to meet twice a day where necessary. This acted as the initial emergency response team and was expanded to include relevant officers from IT, Resilience, and Communications. - An external security authority assessed the Comhairle's e-mail system and confirmed it had not been compromised, which allowed Teams and e-mail to be used to contact staff and customers. - Specialist security software Carbon Black (an Endpoint Detection and Response tool) was installed on all existing staff laptops and similar devices on 9 November. - NCC Group were contacted for incident support on 9 November. - The Information Commissioner's Office (ICO) was informed on 9 November of the cyber-attack and the potential data loss. - Multi-factor authentication (MFA) was strengthened on 10 November as an additional security measure and control over who could access Comhairle PCs and laptops. - Connectivity was partially restored through the use of internet dongles and mobile 4/5G while on Comhairle premises. Employees could also work from home over this period. - The Comhairle's temporary website went live on 14 November to allow the flow of information to the public. - The role and remit of the IMT was agreed on 16 November.
21 November 2023	The IMT was formally setup on 20 November, with its inaugural meeting taking place on 21 November. The constitution and priorities of IMT were set out by CMT. It would act as the main group to lead the recovery process and meet twice weekly.
November 2023-October 2024	- The IMT continues to co-ordinate the recovery programme focusing on business-critical systems and processes - The NCC Group report on the cyber-attack was received in April 2024 and outlined nine recommendations for improvement. - In May 2024 the ICO confirmed no regulatory action would be taken

Date	Event
November 2024	- Internal Audit presents its lessons learned reports to the Audit and Scrutiny Committee which outlines ten recommendations for improvement. - The IMT was disbanded, and services took over remaining systems work.
Ongoing	Systems impacted by the cyber-attack are functioning and the work is now focused on clearing the backlog of work and reviewing workflow processes to enhance efficiency and effectiveness.
September 2025	Glasgow City Council Internal Audit conducted a review of the cyber resilience and security arrangements and concluded that a reasonable level of assurance can be placed upon the control environment and that key controls are in place and operating effectively

The 2023/24 audit of Comhairle nan Eilean Siar

Cyber-attack affecting operations and services



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Local government policy update

Item 6

Policy Manager for the Commission

Meeting date:
6 November 2025

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.

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:

- **Improving care experience: Delivering The Promise (8 October)**
 - *Coverage:* Widespread reporting across national news media, including interviews with the Auditor General on TV and radio. Issues raised in Parliament (see monitoring section below). Reporting focused on lack of planning, clarity and accountability with some coverage making a headline link to Nicola Sturgeon
 - *Engagement:* 1,950 downloads in first 20 days. Social media: 19,000 views, 5,000 video views, 440 engagements including 140 link clicks. Notable shares on X/Twitter by The Promise Scotland, Education Committee, two MSPs and COSLA.
- **Local government performance: Spotlight on culture and leisure services (23 October)**
 - *Coverage:* Interviews by Jo for BBC Good Morning Scotland and Reporting Scotland, plus local radio and news media. Usual wide range of coverage, and many political responses. Reporting focused on cuts to services despite rising charges. Some local news media placed findings in a local context.
 - *Engagement:* 400 downloads in first 5 days. Social media: 1,500 views, 700 video views, 100 engagements, 65 link clicks.
- **Best Value: North Ayrshire Council (28 October).**
 - Published after this report was produced – details via email in the interim and included in next month's report.

4. In line with the decision to remove web downloads data from our impact monitoring, explained in the recent [impact monitoring report](#) (at paragraph 11), these reports will no longer include quarterly analysis of downloads.

Media and Parliamentary monitoring

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

- The report on Improving care experience [was raised in First Minister's Questions](#) the day after publication. The First Minister said he was “mystified” by the report’s conclusion that there has been no assessment of what is needed to deliver the Promise by 2030, or of how success is defined or measured, as it is “pretty clear” what has to be achieved and that progress is being made.
- The report was also discussed in the meeting of the Education, Children and Young People Committee on the day it was published. Representatives of Solace, COSLA and IJB chief officers gave their reaction to the report at the start of the meeting. You can [read the Official Report](#) or [watch the recording](#).
- The Promise report also featured in discussion at a fringe event at the SNP’s annual conference in Aberdeen. Nicola Sturgeon said it would be [“unthinkable” for the Promise not to be delivered](#), and said changes in culture and attitudes were needed as well as legislation, and those involved have to “pick up the pace”.
- The Glasgow section 102 report was referenced in reporting that Cllr Fiona Higgins has [raised concerns about a “culture of secrecy”](#) at Glasgow City Council. Cllr Higgins is involved in a dispute over her claim that councillors and the public were misled by senior officers about proposed cuts to teacher numbers, and has drawn a parallel between this and the senior officer exit packages.
- The Commission was cited – and the North Ayrshire report was quoted – in the meeting of the [Local Government, Housing and Planning Committee](#) on 28 October, in relation to transformation and sharing of good practice. The Committee took evidence as part of its pre-budget scrutiny from representatives of COSLA, Solace and Directors of Finance, and (separately) from Finance and Local Government Secretary Shona Robison.

Local and Scottish government finance issues

6. The Scottish Government published a [draft fiscal framework with local government](#), which COSLA has been invited to agree ahead of the 2026/27 Scottish Budget. The framework establishes a foundation for cooperation and coordination on all matters concerning the financial relationship between local and Scottish Government. A short summary of some of the key points in the draft framework is provided in the Appendix.

7. The Scottish Government has launched a [consultation on the future of council tax in Scotland](#). The consultation paper sets out a range of possible options and models regarding revaluation, including:

- when and how often to carry out revaluation;
- whether to set council tax band property values locally or nationally;
- different structures of council tax bands, with four options presented that are all said to be revenue-neutral; and
- transition and mitigation measures to support households that see large changes in bills.

8. The consultation paper is accompanied by a report on analysis by the Institute for Fiscal Studies of the [design and impact of potential reforms](#). Shona Robison says the aim of the consultation is to support the evidence base for reform and see if there is “consensus around a unified position”, with any changes unlikely to be completed in this decade.

9. It has been agreed that the 2026/27 Scottish Budget will be published and presented to Parliament on Tuesday 13 January 2026. The Budget Bill timetable is still being developed. As last year, Commission members will receive summary information shortly after the Budget is published, and a more detailed briefing as soon as is practicable.

10. Councils are required by statute to set their budgets by 11 March, and in practice many need to do so earlier to facilitate council tax billing. The delay to the Scottish Budget may have some impact on councils’ budget-setting process, mainly by prolonging uncertainty over funding allocations.

11. This was reflected in some recent pre-budget reports by councils:

- Councillors in Argyll and Bute considered a budget forecast that set out an [expected gap of £10.6 million in 2026/27](#). The report also set out officers’ expectation of multi-year grant figures from the Scottish Government, set against the uncertainty caused by the delay to the Scottish Budget. In considering the report, [councillors discussed income generation](#) as a means of bridging the gap.
- Meanwhile East Lothian Council has become one of the first to open a [public consultation regarding its 2026/27 budget](#), seeking the views of residents on its overall priorities, funding needs for specific services, and options for council tax increases.

12. At the SNP conference, Shona Robison called for the next Scottish Government to be “really bold” with public service reform, including a [radical rethink of what is needed in the public body landscape](#) rather than “trimming around the edges”. She said this was an alternative to income tax rises, on which the government had “reached its limits”. Public Finance Minister Ivan McKee hosted a summit of public sector leaders on 28 October aimed at collaborating on ways to improve efficiency.

13. Ms Robison's comments came days after [new figures for the public sector workforce in Scotland were revealed](#). They showed:

- The full-time equivalent (FTE) workforce in the Scottish civil service grew by 430 (1.6%) between June 2024 and June 2025.
- The workforce in most other sectors fell, including local government which saw a reduction of 1,560 FTE (0.7%).
- The overall FTE figure for the devolved public sector in Scotland was static at 467,400, but has risen by 10 per cent since 2019.

14. In evidence to the Local Government Committee, COSLA's Resources Spokesperson Cllr Katie Hagmann stated their position that the Scottish Government's target of reducing the public sector workforce by 0.5 per cent per year cannot include local government unless there is more flexibility such as removing requirements around teacher numbers.

15. There have been further developments regarding the visitor levy:

- [South Lanarkshire Council](#) is commissioning external research and carrying out informal consultation on the possibility of introducing the levy, with charges ranging from 2.5 to 7.5 per cent being considered. The council says a "conservative estimate" is that these rates could generate between £800,000 and £2.5 million per year.
- [East Ayrshire Council](#) has said it will not introduce the levy in the near future, with work on developing a scheme paused until August 2027. Following early engagement and research by officers, it was decided that the small size of the hospitality sector in the area meant implementing the levy was uneconomic.

Policy area updates

Child poverty

16. The Joseph Rowntree Foundation's (JRF's) latest annual [Poverty in Scotland report](#) has concluded that the Scottish Government will miss its child poverty reduction targets [by a "large margin"](#) without radical action in the next Parliament. The JRF says:

- 23 per cent of children in Scotland are living in poverty – a rate that is largely unchanged from 2021 – far short of Government targets to cut this to 18 per cent by 2024/25 and to 10 per cent by 2030/31.
- Insufficient Universal Credit payments and high housing costs are driving the persistence of poverty including among working families. (The Scottish Government says it will mitigate the two-child cap, with [applications opening in March 2026](#).)
- Poverty rates fell in 27 of 32 council areas between 2019/20 and 2023/24, indicating a positive impact of the Scottish Child Payment.

Communities and infrastructure

17. [A judicial review hearing was held](#) at the Court of Session over Argyll and Bute Council's decision-making process in choosing to locate a new Mull school campus in Tobermory. Some on the island want a more central location so pupils no longer have to travel by ferry to Oban and stay over through the week. A [separate review was heard recently](#) regarding the council's planning process for development of Helensburgh's waterfront. It is unclear when the Court will issue its decision in each case.

18. A [new workforce action plan for the Highlands](#) has been launched that aims to maximise employment from new infrastructure investment. The region is set to see investment of up to £100 billion in the next 15 years, driven by renewable energy generation and transmission. The Workforce North initiative is a collaboration between the council, the further education sector, Scottish Government agencies and private sector partners.

Education

19. Members of the EIS union are [voting on whether to take strike action over teachers' workload](#). The Scottish Government and COSLA have both said discussions are ongoing regarding reducing teachers' class contact time to 21 hours per week, but the union is unhappy at a lack of pace and progress. A pay deal has also not yet been agreed for this academic year, after an offer by COSLA was rejected in August.

20. Councils have dispelled concerns about the impact of VAT being levied on private schools. The Scottish Council of Independent Schools (SCIS) said pupil numbers in the sector had fallen by nearly 2,000 in the last year, and warned of the burden this would place on state schools. However, private school rolls in Scotland were already falling, and the proportion of children in the UK attending private schools is static at 6.5 per cent. City of Edinburgh Council (whose area is home to 17 SCIS members) says it has seen just 17 pupils switching from private schools in the last year.

21. [Renfrewshire Council has received more than 200 objections](#) to a planned extension of Park Mains High School in Erskine, which is due to be considered by councillors at a meeting in November. The community council and many residents believe the school would still have insufficient capacity to meet future demand, including from Dargavel village, and have criticised the council over its community engagement.

Health and social care

22. East Renfrewshire Council has delayed a decision on the potential roll-out of [means-tested charges for some non-residential social care services](#). The council decided in February to defer its planned implementation of the charges, and it will not now make a decision until December at the earliest, pending consideration by COSLA of possible changes to the distribution of funding for adult social care. East Renfrewshire is the only Scottish council that does not charge for non-residential care services, and their planned charges would raise around £1.5 million a year.

Housing and homelessness

23. The Scottish Federation of Housing Associations (SFHA) says the planned public and private investment of £4.9 billion announced by Housing Secretary Mairi McAllan will not be enough to end the housing emergency. The SFHA calculates that [£8.2 billion would be needed to build the number of homes required](#) to resolve the crisis, and that the Scottish Government has not taken account of the impacts of inflation and new national standards on the costs of building new homes.

24. Aberdeen City Council is to [make improved offers to residents](#) whose homes are to be demolished because they contain reinforced autoclaved aerated concrete (RAAC). Following a new funding deal agreed with the Scottish Government, the council will now make offers to purchase the homes based on their market value before the RAAC was identified

Council leadership

25. The following changes in officer and political leadership have taken place in the past month:

- Perth and Kinross Council: John Rebbeck and Ian Massie chosen as joint deputy leaders, replacing Eric Drysdale who was elected leader following Grant Laing's resignation.
- Stirling Council: Brian Roberts appointed as chief executive, having been serving as interim chief executive and with over 30 years' experience at the council.
- Glasgow City Council: Douglas Hutchison resigned as Director of Education over text messages he sent to a councillor, which the council says could have undermined the budget process and may have breached rules on political restriction.

Updates on previous queries

26. At the October meeting, I was asked about the saving Falkirk Council says it will make as a result of the end of a PPP contract for four schools.

- The council paid a monthly 'unitary charge' to the contractor which included capital, maintenance and borrowing costs – it is the ending of these charges that results in a £3 million annual saving.
- The council paid £5 million – provided for in the capital programme – to 'buy back' the schools, and says overall savings figures will be confirmed once all obligations have been determined.
- The council has made use of changes to service concession arrangements (SCAs) for accounting purposes, but this was not referred to in the [report to council](#) on the ending of the PPP schools contract. There is more information on the council's use of SCAs in its [2023/24 Annual Audit Report](#).

27. I was also asked about the mechanism for selecting and funding projects under the UK Government's Pride in Place initiative. The Local Government Information Unit (LGIU) has recently published a [detailed analysis of this programme](#) while the UK Government website includes a helpful [‘FAQ’ on funding, timescales and operational aspects](#). COSLA was not involved in decision-making about the allocation of funding.

- This latest funding complements the [‘Plan for Neighbourhoods’](#) funding announced in March, which made £20 million available to each of 75 towns, including 10 in Scotland. ‘Neighbourhood boards’ in those areas are due to submit locally-produced ‘regeneration plans’ to the UK Government by the end of November.
- The 14 neighbourhoods (in 12 council areas) in Scotland that have each been allocated £20 million have been selected using a [methodology](#) that combines the Scottish Index of Multiple Deprivation (SIMD) and the Scottish Community Needs Index.
- The smaller, shorter-term ‘Impact Fund’ allocations (£1.5 million per area) have been made at local authority level – with eight councils in Scotland selected using a [combination](#) of the SIMD and a ‘pride in place score’ based on Scottish Household Survey responses.

Other updates

28. [COSLA has unveiled its ‘manifesto’ for the 2026 election](#), setting out what it says local government needs from the next Scottish Government to continue to serve communities and achieve improved outcomes. COSLA is [calling for “realistic, long-term funding”](#), including multi-year funding, to help authorities plan local services, as well as reform of council tax and an end to ring-fencing and “restrictive, centralised targets”. The manifesto also seeks an immediate cash injection of [£750 million for social care](#).

29. The National Records of Scotland published projections showing that [23 council areas in Scotland will see an increase in population](#) between 2022 and 2032 if past trends continue.

- The projected rise is driven by migration (positive net migration in all 32 areas); deaths are expected to exceed births in most areas.
- Midlothian is projected to have the largest increase – at 14.7% – followed by East Lothian and Glasgow. Inverclyde (5.4%), West Dunbartonshire and Western Isles are set to see the biggest falls.
- These new figures show fewer council areas are expected to see their population decline than was previously projected. Argyll and Bute has seen the biggest change in projection, up by 10 per cent.
- Populations will continue to age; all council areas except Midlothian are projected to see a fall in the number of children – by as much as 20 per cent in Western Isles, West Dunbartonshire and Shetland.

30. The latest annual [Scottish Social Attitudes survey](#) shows public trust in the Scottish Government is at its lowest ever level. Less than half (47 per cent) of respondents said they trust the Government to work in Scotland's best interests, down from 61% in 2019, while just 36 per cent believe it is good at listening to people before making decisions. The [full report by the researchers](#) focuses on trends during the 25 years of devolution.

31. Scottish and UK Government officials are working to address how the [Public Office \(Accountability\) Bill \(or 'Hillsborough Law'\)](#) would apply in Scotland. In particular, [the law as currently drafted](#) would impose duties only on councillors with executive roles in England and Wales, but to all councillors in Scotland, so discussions are ongoing regarding alignment on this as well as in relation to the proposed new criminal offences.

32. Recent publications of possible interest to members are listed below.

- Local Government Information Unit (LGIU): [Delivering the Promise](#) (article by Fraser McKinlay, Chief Executive, The Promise Scotland)
- LGIU: [Will 'Pride in Place' turn around outcomes in left-behind communities?](#)
- LGIU: [How can we break the cycle of child poverty?](#)
- LGIU: [How can councils lead, support and enable local communities to lead large-scale developments?](#)
- LGIU: [LGR \(Local Government Reform\) question time: with Jonathan Carr-West and Dr Greg Stride](#)
- LGIU: [Measuring what matters: The Local Autonomy Index and the future of comparative local government reform](#)
- Improvement Service (IS): [New report shows extent of joint working in Scottish local government](#)
- IS: ['Tackling cause not symptoms' report published](#)
- IS: [Evaluation in Scottish local authorities - webinar series](#)
- IS: [Creating a child poverty data dashboard for West Lothian](#)
- COSLA: [Celebrating local excellence: COSLA Awards shortlist](#)
- COSLA: [Four nations unite to advocate for civility in public life](#)
- Scottish Parliament: [Public Audit Committee evidence session on "Our impact: Monitoring and evaluation report 2025"](#)
- Scottish Parliament: [Holyrood Committee agrees general principles of Community Wealth Building \(Scotland\) Bill](#)
- Scottish Parliament Information Centre (SPICe): [Wellbeing and Sustainable Development \(Scotland\) Bill](#) (detailed briefing)

Conclusion

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

Appendix: Summary of fiscal framework

1. The [draft fiscal framework](#) is to be viewed as “an evolving document that will develop over time”, and COSLA and Scottish Government will together monitor its effectiveness periodically, with a forward work plan to be revisited following the Budget Bill process each year.
2. The forward work plan for 2025/26 includes joint work on understanding mounting pressure within capital budgets, how local authorities have collectively responded to the climate emergency, and pressures affecting health and social care partnerships.
3. Operation of the framework will be supported by the assurance and accountability arrangements under the Verity House Agreement. This is intended to support transparency and provide assurance that, within the funding available to local government, local authorities are delivering improved outcomes in each of the three shared priority areas, either individually or jointly with Scottish Government and other partners.
4. The underpinning principles of the framework are that it should:
 - promote stability, certainty, transparency, affordability and sustainability
 - promote effective use of fiscal flexibilities and levers to address local priorities and improve outcomes
 - enable discussion of fiscal empowerment of local government.
5. The framework applies directly to the Scottish Government and should be considered by all public bodies where their activities impact on local government. The framework acknowledges the statutory and/or essential roles of other bodies, including community planning partners.
6. The framework sets out a “design and consideration” process for developing, evaluating and implementing local fiscal levers.
7. Local government will be given opportunities to contribute to the evidence and options for the Programme for Government (PFG) and the draft Scottish Budget. This engagement will include consideration of the demands of the previous, current and future financial years as well as fiscal and economic circumstances and horizon scanning.
8. Scottish and local government will hold joint political-level meetings at stated key points in time, including the start of the financial year, early autumn, following UK fiscal events, and before and after the Scottish Budget, with officer-level engagement throughout the year.
9. It is anticipated that the Chancellor’s proposed approach to multi-year budgets will “create foundations to allow” multi-year funding approaches starting with the next Scottish Spending Review. Both parties agree this would not be realistic without the clarity from the UK Government.

Chair's update

Item 7

Chair of the Accounts Commission

Meeting date:
6 November 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 October.

Engagement and Commission business

Audit Scotland engagement

- 30 October: 2025 Annual Audit Planning Conference (including with firms)
- Regular meetings with Vicki Bibby (Chief Operating Officer), Helena Gray (Controller of Audit); Alison Cumming (Executive Director of Performance Audit and Best Value)

Commission business

- 22 October: Local Government Overview – Culture and leisure spotlight report media day
- 27 October: North Ayrshire Council Best Value report media day
- 05 November: Members' training – Support for committee appearances
- Regular meetings with Sarah Watters (Director for the Commission) and Lee Ovens (Executive Assistant)
- Six-monthly 'check-in' meetings with Commission members

External engagement

- 15 October: introductory meeting with Joe Griffin (Permanent Secretary, Scottish Government)

Forthcoming activities

2. My forthcoming engagement activities include:

- 10 November: Audit Scotland Risk Deep Dive session on data analytics and AI

- 11 November: Audit Scotland Audit Committee and Remuneration and Human Resources Committee (Remco) meetings
- 18 November: bi-monthly catch up with Catriona MacKean (Deputy Director for Local Government, Scottish Government)
- 25 November: Audit Scotland Board meeting
- 25 November: Future Public Audit Model 'Sounding Board' meeting
- 26 November: Comhairle nan Eilean Siar section 102 report media day
- Regular catch ups with Helena Gray, Sarah Watters, Lee Ovens, Vicki Bibby, Alison Cumming, and Stephen Boyle (Auditor General)

Conclusion

3. The Commission is invited to:

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