

# Joint working agreement: Audit Scotland and Improvement Service – Annual update

Item 6

Meeting date:

11 December 2025

Audit Director, Performance Audit and Best Value

## Purpose

1. This report provides the Accounts Commission with an update on collaborative work undertaken by Audit Scotland and the Improvement Service (IS) over the past year.
2. It reflects on a strategic decision made in 2024 to recalibrate the partnership approach, placing greater emphasis on fostering strong and effective collaboration at an operational level rather than maintaining a primarily strategic focus. This shift was intended to enhance practical engagement, streamline joint activities, and mitigate any risks to the Commission's independence.

## Recommendations

3. The Commission is invited to:
  - Note the constructive joint work undertaken and seek the views of Commission members in relation to the collaborative working undertaken.
  - Consider and agree proposals for further joint work for the year ahead as set out in paragraph 26 to 35.

## Background

4. At their respective meetings in March 2021, the Commission and the IS Board endorsed a Joint Statement of Intent establishing a Strategic Alliance between the two organisations and agreed a set of joint priorities for the subsequent 12 months. However, in October 2024, following consideration of potential risks relating to perceived conflicts of interest and the need to safeguard the Commission's independence, it was decided to reframe the agreement. The revised arrangement was repositioned as a Joint Working Agreement between IS and Audit Scotland, acting on behalf of the Accounts Commission.
5. It was further agreed that joint working should continue at an operational level to mitigate any identified risks. Given the existing relationship between Audit Scotland and the Accounts Commission, this

adjustment was not expected to diminish the added value of collaboration, nor was any material impact anticipated for staff within either organisation.

**6.** In reaching the decision to reframe the relationship, both the Commission and IS reaffirmed their recognition of the distinct yet complementary roles of each organisation. Both parties emphasised the importance of maintaining clarity around roles and confirmed their commitment to ensuring that the respective responsibilities of IS and Audit Scotland are fully acknowledged and respected as joint activities progress.

## **Annual progress**

**7.** Across the past year, substantial progress has been made in delivering the priorities outlined in the Joint Working Agreement between Audit Scotland and the Improvement Service. This collaboration has strengthened alignment between audit, scrutiny, and sector-led improvement, ensuring a more coherent approach to supporting local government performance and governance.

### **Joint use of data, benchmarking, and performance reporting**

**8.** Audit Scotland and the Accounts Commission continue to be represented on the Local Government Benchmarking Framework (LGBF) Board, ensuring effective intelligence sharing to support performance analysis and improvement planning. In April 2025, the Improvement Service accompanied the LGBF Board Chair to a meeting with the Accounts Commission to discuss the LGBF Overview Report and agree future strategic priorities for the framework, as well as consider the implications of the data and findings for the Commission's work programme.

**9.** During 2024/25, the Accounts Commission undertook a comprehensive consultation process and subsequently set its Statutory Performance Information (SPI) Direction 2024, which applies from 2025/26 onwards. This Direction establishes the framework for how councils report on performance, ensuring transparency and accountability in line with statutory requirements. The Commission remain fully supportive of a sector-led approach to benchmarking and improvement.

**10.** The consultation engaged a wide range of stakeholders, with Improvement Service officers submitting a response and members of the LGBF Board also playing a key role. Their input was valuable in shaping the Direction to align with sector priorities and maintain consistency with the benchmarking approach. This collaborative process reinforced the importance of integrating performance reporting with improvement planning, supporting councils to deliver better outcomes for communities.

### **Supporting the Solace/IS Transformation Programme**

**11.** Throughout 2024/25 and into 2025/26, Audit Scotland has maintained its commitment to supporting the [transformation programme](#), with a particular focus on contributing to the steering of progress of the Crerar

implementation workstream. Acting as an independent expert, Audit Scotland has provided input and guidance from an audit and scrutiny perspective, helping to ensure that the project continues to move forward effectively.

**12.** Central to this work has been close collaboration between Audit Scotland and IS. This has involved contributing to discussions around the practicalities of implementing a national self-evaluation framework, and exploration of options for further collaboration on self-assessment activities, specifically as part of the Best Value thematic work on asset management.

**13.** This joint approach has provided support to the sector's commitment to continuous improvement, with an aim to embed robust self-assessment processes within councils to support the wider aims of the transformation project. It is anticipated that further updates will be provided to the Commission by Solace and IS in due course.

### **Change Managers' Network**

**14.** Audit Scotland continued its active support for Improvement Service-led networks, including the Change Managers' Network. In October 2024, members of Audit Scotland's Performance Audit and Best Value (PABV) team presented key findings from the *Transformation in Councils* report, published under the Local Government Overview banner. This session was effective in delivering key messages and recommendations from the report to colleagues from councils with direct responsibility for delivery of transformational activity, while also providing a useful feedback loop on the overall usefulness and relevance of the audit report.

**15.** In July 2025, members of the Best Value (BV) team within PABV delivered a session to the Network, presenting emerging findings from BV thematic work on transformation. The session also provided an opportunity for broader discussion and reflection on the BV process and experiences to date, supporting shared learning and continuous improvement across the sector.

**16.** This engagement reflects Audit Scotland's longstanding commitment to collaboration with the Network and provides a valuable opportunity to maximise the impact of the Commission's work while gathering feedback from sector colleagues well-placed to inform future improvement activity.

### **PSIF Annual Learning Event**

**17.** Audit Scotland again played a supportive and strategic role in the Public Service Improvement Framework (PSIF) Annual Learning event, reinforcing the link between external scrutiny and sector-led improvement. This event is led by IS and provides an opportunity for Audit Scotland to contribute insights from its audit work, particularly Best Value and thematic reports, to help councils understand how audit findings can inform self-assessment and continuous improvement under PSIF.

**18.** Audit Scotland uses the event as an opportunity to listen to feedback from councils and other public bodies, helping shape the Commission's future audit work and supporting collaborative approaches to improvement.

## **Climate change**

**19.** Representatives of Audit Scotland's PABV team meet with colleagues from IS every two months to discuss their respective work relating to climate change. Most recently, discussions have focused on the Scottish Climate Intelligence Service, which is provided by IS in partnership with the Edinburgh Climate Change Institute to help councils build capacity and capability to deliver area-wide emissions reduction programmes.

## **Other examples of collaboration**

**20.** During 2025, initial steps were taken to establish an informal intelligence-sharing group involving IS, Audit Scotland, the Ethical Standards Commissioner, and the Standards Commission for Scotland. This collaborative initiative was formed in recognition of the shared interest each organisation has in promoting high standards of conduct and governance across Scottish local government.

**21.** Through regular dialogue, the group shares high-level intelligence on emerging issues, poor conduct, and suboptimal relationships within councils, drawing on publicly available audit findings and regulatory insights. This collaboration helps identify systemic challenges and informs targeted improvement actions.

**22.** Key activities of the collaboration include:

- Sharing insights and trends to highlight priority areas for intervention.
- Disseminating key messages through national publications and guidance.
- Providing tailored support to councils via IS where concerns are identified.
- Leveraging audit intelligence to pinpoint councils experiencing ineffective governance dynamics.

**23.** This joint approach is designed to foster a culture of respect, accountability, and ethical governance across Scottish local government. Two meetings were held in 2025, with all partners reaffirming their commitment to building on the positive progress made to date and continuing collaborative efforts into 2026.

**24.** In November 2025, IS was invited by the Controller of Audit to engage with the Scrutiny Coordination Group (SCG) in relation to how scrutiny bodies could make better use of the LGBF. This session included a demonstration of new dashboard features, explored links with the Peer

Collaborative Improvement (PCI) project and considered an assessment of the current local government data reporting landscape.

**25.** Further detail on proposed ongoing work in this area is provided at paragraphs 34 and 35.

## **Opportunities for collaboration – 2026**

**26.** Subject to approval by the Accounts Commission and the IS Board, IS and Audit Scotland will continue to pursue opportunities for joint working and collaboration over the coming year. Further discussions will be undertaken to develop an agreed plan, with initial options outlined below for early consideration:

### **Sector-led improvement and audit integration**

**27.** Work is currently progressing on piloting a thematic approach to Peer Collaborative Improvement, informed by local Best Value activity. IS and Audit Scotland are expected to collaborate closely on the further development of this phase, maintaining a strong emphasis on delivering measurable impact and driving improvement.

### **Further development and implementation of a self-evaluation framework**

**28.** The IS, on behalf of the Solace/IS transformation programme established a project to renegotiate, test and standardise improved approaches to Local Government self-evaluation/assessment and peer collaborative improvement as a foundation to strengthen the working dynamic between scrutiny bodies, local and central government. The project was established to work with councils and scrutiny bodies across Scotland to re-invigorate the aspirations and recommendations of the Crerar review (2007). Audit Scotland is participating in a time-limited steering group to support this initiative, contributing independent expertise throughout the development phase.

**29.** Looking ahead to 2026, there are strong prospects for continuing to build on the collaborative work already underway. Engagement with scrutiny partners, particularly through the SCG and the Strategic Public Sector Scrutiny Network (SPSSN), will provide valuable opportunities to further embed these initiatives.

### **Providing support for elected members**

**30.** Officers from IS and Audit Scotland intend to reinstate the programme of joint online webinar sessions for elected members following the publication of key Accounts Commission reports (such as the LG Financial Bulletin 2024/25 and LG Budgets Briefing 2026/27). These sessions are intended to strengthen understanding of audit findings and support the implementation of improvement actions at council level.

**31.** Officers will also explore whether there are opportunities to provide direct support to elected members and council audit committees in fulfilling

their responsibilities effectively. This could include tailored training on interpreting audit reports and translating findings and recommendations into actionable improvement plans.

**32.** The development of elected member workshops on self-evaluation and performance reporting in councils, aligned to the Commission's new SPI Direction, will also be subject to discussion by officers.

## **Public Service Reform and Transformation**

**33.** It is anticipated that IS will continue to provide advisory group input to audit reports, with reform and transformation likely to exist as a key theme across the Commission's agreed programme of work. The IS and Audit Scotland will also work together as part of the SPSSN's 'tests of change' subgroup that is investigating new joined-up scrutiny models for place-based reform and will engage on the role of Community Planning Partnerships in public service reform.

## **Local government data**

**34.** Audit Scotland and IS will continue working with the SCG to promote understanding of how the LGBF and Online Data Return Register (ODRR) can strengthen audit and scrutiny activity. The initial session demonstrated the practical benefits of these tools, highlighting the LGBF dashboard's customisable features and the ODRR's capacity to streamline data access and reporting, reducing duplication and improving transparency.

**35.** By considering how these resources support proportionate and coordinated scrutiny in line with Crerar principles and inviting feedback to inform tailored solutions, this engagement has created a strong foundation for ongoing collaboration. Building on this, both organisations will explore opportunities to embed these tools within scrutiny processes and enhance data-driven decision-making across the sector.

## **Conclusion**

**36.** This report outlines examples of collaboration between Audit Scotland and IS as part of the Joint Working Agreement agreed in October 2024. The document also highlights forward-looking opportunities for further sector-led improvement and joint initiatives in 2026.



# Appendix 1

## Summary of progress

### Opportunities for collaboration – 2025 and 2026

Area of collaboration	Activities completed in 2025	Activities planned in 2026
<b>Further development of local government's approach to sector-led improvement and how that relates to independent audit and inspection.</b>	<ul style="list-style-type: none"> <li>• Close working between IS and Audit Scotland on the development of the next phase of PCI work.</li> <li>• Active input to the Crerar working group, as part of the wider SOLACE/IS transformation programme.</li> <li>• Development of new SPI Direction to reflect continued emphasis on sector-led improvement including through use of LGBF.</li> </ul>	<ul style="list-style-type: none"> <li>• Piloting a thematic approach to PCI activity, informed by local BV work.</li> <li>• Further development and implementation of a self-evaluation framework for local government in Scotland.</li> <li>• Exploration of options for further collaboration on self-assessment activities, specifically as part of the Best Value thematic work on asset management.</li> <li>• Continued engagement with the SCG to promote understanding of how the LGBF and ODRR can strengthen audit and scrutiny activity.</li> </ul>
<b>Co-hosting of events for elected members to support Accounts Commission reports.</b>	<ul style="list-style-type: none"> <li>• Limited progress in this area – most post-publication activity has focused on engagement with improvement networks.</li> </ul>	<ul style="list-style-type: none"> <li>• Intention to engage with elected members through online webinar sessions following publication of LG Financial Bulletin 2024/25 and LG budget output 2026/27.</li> <li>• Potential opportunity to provide support to elected members and audit committees in the effective scrutiny of audit reports.</li> </ul>
<b>Ongoing discussions about public service reform and local government transformation.</b>	<ul style="list-style-type: none"> <li>• Audit Scotland, on behalf of the Commission, has actively involved IS in all local government related overview reports and performance audits which have taken</li> </ul>	<ul style="list-style-type: none"> <li>• SPSSN tests of change work</li> <li>• Continued advisory group input from IS, particularly in relation to audit work focused</li> </ul>

	<p>place over the last 12 months.</p> <ul style="list-style-type: none"> <li>• The IS has played a particularly active role as an advisory group member in helping shape the Commission's work on transformation, primarily on the <i>Transformation in councils</i> report.</li> </ul>	<p>on digital capacity and solutions.</p> <ul style="list-style-type: none"> <li>• Engagement on the role of CPPs in public service reform</li> </ul>
<b>Annual Thematic Best Value reports and s102 Best Value reporting.</b>	<ul style="list-style-type: none"> <li>• PABV colleagues attended the Change Managers' Network to present early findings from local BV thematic work on transformation.</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration on the development of a self-assessment approach in the delivery of BV thematic audits.</li> <li>• Potential for a learning event(s) following annual BV thematic report on transformation and for other engagement with councils on BV.</li> </ul>
<b>Use of the Local Government Benchmarking Framework (LGBF) to inform the Accounts Commission's assessment of the performance of local authorities.</b>	<ul style="list-style-type: none"> <li>• Analysis of LGBF data played a key role in preparation of the Commission's LG Spotlight report, published in Autumn 2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities for the Commission to more formally incorporate LGBF analysis as a fundamental pillar of ongoing work programme development.</li> </ul>
<b>Audit Scotland attendance at IS-supported improvement networks, such as the Change Managers Network and the PSIF Annual Event Meeting.</b>	<ul style="list-style-type: none"> <li>• Ongoing engagement with networks through 2024/25 and into 2025/26.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for greater engagement with IS-supported networks in 2025/26 and 2026/27, covering all aspects of the Commission's work programme.</li> </ul>