Item 6

18th November 2026

Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Financial Services

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ACCOUNTS COMMISSION REPORT ON BEST VALUE IN GLASGOW CITY COUNCIL

Purpose of Report:

To allow the Finance and Audit Scrutiny Committee along with the Accounts Commission's findings and to scrutinise the Council's response to those findings.

Recommendations:

The Committee is asked to:

(1) consider the Best Value Report and the Accounts Commission's findings;
(2) scrutinise the Council's proposed response to each of the Accounts Commission's findings; and
(3) note that the Best Value Report and the Accounts Commission's findings will be considered at a meeting of the Council on 10 December 2026.

Ward No(s): Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

1 BACKGROUND

1.1 The Controller of Audit has reported to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973 on Best Value in Glasgow City Council ("the Best Value Report"). The report draws on the 2022/23, 2023/24 and 2024/25 annual audits and was considered by the Accounts Commission at its meeting on 13 August 2026. The Commission's findings and the Controller of Audit's report are appended to this report.

1.2 Under section 103E of the 1973 Act, where the Accounts Commission makes findings following consideration of a report under section 102, the Council must consider those findings at a meeting within three months of receiving them, or within such longer period as the Commission may allow. The statutory responsibility to consider the findings rests with the Council itself. Consideration by this Committee provides an opportunity for detailed consideration and scrutiny but does not replace consideration by a meeting of the full Council.

1.3 The Best Value Report describes a unique and complex operating context. Glasgow is Scotland's largest council by population and 45.4% of its data zones are within the 20% most deprived in Scotland. The Best Value Report identifies longstanding pressures arising from poverty and deprivation alongside unresolved equal pay liabilities, increasing demand and costs in homelessness services and a challenging financial outlook.

1.4 The Best Value Report notes progress made by the new Corporate Leadership Team in strengthening financial management and corporate oversight, but concludes that some fundamental building blocks are not yet in place. In particular, the Controller of Audit considered that key strategies are not sufficiently developed and aligned, longer-term resource requirements remain unclear and states that the Council must ensure it has the capacity and capability to deliver several large-scale programmes concurrently, including the finance system replacement, the move to a multi-source ICT model and the new pay and grading scheme.

1.5 The Controller of Audit found that the key requirements for good governance are in place, while identifying areas requiring improvement, including scrutiny of senior officer exit packages, group governance, ICT security and resilience, performance management and elected-member scrutiny. The Best Value Report also records that 21 of 33 prior-year audit recommendations remained open during the 2024/25 audit, including five high-risk recommendations, and that further urgent recommendations were raised.

1.6 The Best Value Report highlights financial sustainability as a critical risk. It refers to a projected General Fund budget gap of £109.7 million over 2026/27 and 2027/28, before the costs of implementing the new pay and grading scheme; significant homelessness pressures; declining usable reserves; and the absence of a detailed medium-term financial plan. It also finds that transformation is embedded in the Council's strategic arrangements, but that

transformation projects require clearer alignment with financial plans and better quantification of financial and non-financial benefits.

1.7 Since the period covered by the Best Value Report, the Council has taken significant decisions on its financial outlook and on implementation of the new pay and grading scheme from April 2027. These developments are reflected in the Council's proposed responses in section 2.

2 THE ACCOUNTS COMMISSION'S FINDINGS

2.1 Following its consideration of the Best Value Report, the Accounts Commission made five findings. Each finding is set out below, together with the Council's proposed response.

Finding 1 – Pay and grading structure

Failure to agree a sustainable pay and grading structure by 1 April 2027 will mean ongoing financial uncertainty and risk, and will ultimately affect services and outcomes for communities. The Commission considers that officers, elected members and trade unions share responsibility for ensuring this target date is achieved. It requests that the Controller of Audit keeps the Commission informed of any significant developments in relation to this key milestone and on the financial implications.

Council's proposed response:

The Council accepts the Commission's finding and welcomes recognition of the importance of achieving a sustainable pay and grading structure by 1 April 2027. Implementation has accelerated significantly over the past 12 to 18 months. On 20 August 2026, the City Administration Committee authorised the Chief Executive, in consultation with the Executive Director of Financial Services and the Director of Legal and Administration, to lawfully implement the new pay and grading scheme on a phased basis from 4 April 2027, and instructed officers to progress the outstanding job evaluations and consequential changes to terms and conditions. This decision enables the April 2027 milestone to be achieved. Significant risk and uncertainty remain in relation to the full resolution of equal pay, and the Council remains committed to working through its established structures with the trade unions to conclude implementation.

Finding 2 – Strategic and medium-term financial planning

While the Council has a strategic plan, it is not supported by aligned strategies or underpinned by detailed medium-term financial planning. This limits transparency about the scale of the challenges, the choices available to members and the implications for communities.

Over the next 12 months, the Commission expects the Council to prioritise:-

- more detailed financial projections and stronger scenario planning;
- clearer alignment between financial plans, strategic priorities and required actions;
- better quantification of the financial and non-financial benefits of transformation; and
- greater transparency and engagement regarding risks, assumptions and performance.

Council's proposed response:

The Council accepts the Commission's finding and acknowledges that there is scope to integrate its existing multi-year projections and scenario work more visibly with workforce, asset, transformation and service planning. This will be taken forward as part of the development of the Strategic Plan for the new Council from May 2027. The financial outlook considered in August 2026 demonstrates the work already under way, in an uncertain environment, to assess scenarios and set out more clearly the relevant assumptions, choices, mitigations and service consequences.

The Council will also put in place measures to seek to enhance communication with communities, making the scale of the financial challenges more visible and supporting better understanding of the choices available and their implications for services and local outcomes. This will be supported by the Performance Improvement Programme's focus on clearer, outcome-based reporting relevant to communities and the development of accessible performance information, including dashboards for citizens.

Finding 3 – Best Value and improvement actions

Given the Commission's statutory role, it is concerned that the auditor was unable to provide assurance to the Commission and the public that the Council is demonstrating Best Value through its governance, performance management, and financial planning and reporting arrangements. While some improvements have been made, the Council needs to maintain momentum in strengthening these arrangements and must prioritise and deliver the improvement actions identified by the auditor.

Council's proposed response:

The Council accepts the Commission's finding but considers it important to recognise that the report is necessarily retrospective and does not capture improvements made over the past 12 months, including the 2025/26 outturn. The Controller of Audit confirmed that the key requirements for good governance are in place, and the Leader and Chief Executive have worked together to address historic governance weaknesses. The Council has strengthened its governance and oversight arrangements and is progressing the agreed audit improvement actions, prioritised according to risk.

Delivery will be regularly monitored and scrutinised by elected members, with clear accountability and escalation where agreed timescales are not met.

The cross-party Public Service Reform and Financial Strategy Political Oversight Group (POG), chaired by the Leader of the Council and with representation from each recognised political group, oversees service reform, budget delivery, financial strategy and capital and property planning. It receives progress updates and considers budget options developed collectively by the Corporate Leadership Team, which include an assessment of risk of deliverability. This supports the Commission's recommendation by strengthening elected-member oversight and challenge, monitoring delivery and aligning reform with financial planning. The POG complements, but does not replace, formal committee scrutiny and decision making, financial reporting and budget-setting arrangements.

Each year the Council also undertakes public engagement to inform its budget decisions. Ahead of setting the 2026/27 budget, it commissioned Ipsos to facilitate a workshop involving a large group of Glasgow residents. Participants received information on the Council's finances, financial challenges and strategic priorities before discussing which services to protect, options for delivering services differently and recommendations for the year ahead. This provides a practical foundation for strengthening informed community engagement in financial planning.

The Council also notes the exceptional combination of poverty and deprivation, homelessness pressures, equal pay exposure and wider financial challenges facing Glasgow. It considers that significant service achievements should also be recognised as part of a balanced assessment of its delivery for communities. These include achievements in educational attainment among pupils from the most deprived communities, improvements in air quality, and delivery of major infrastructure such as the Govan–Partick Bridge through the City Deal partnership, alongside its work on financial inclusion and poverty.

Further examples include the Council's contribution to delivery of the Glasgow 2026 Commonwealth Games with partners, sustained support for community-based services through the Glasgow Communities Fund, and the development of Glasgow's visitor economy and international recognition for sustainable tourism through partnership working. These achievements should be recognised alongside the Best Value Report's focus on governance, process and finance.

Finding 4 – Elected-member scrutiny

The Commission expects elected members to play a key role in providing constructive challenge and ensuring robust oversight of performance, risk and

financial sustainability. This is especially important given the scale and complexity of the challenges facing the Council.

Council's proposed response:

The Council accepts the Commission's finding and acknowledges the important role of elected members in providing constructive challenge and robust oversight. Elected members scrutinise financial performance, risk, service performance and improvement activity through the Council's established committee arrangements. Political Oversight Groups also provide an informal setting for challenge and oversight of financial matters, including the budget strategy, Public Service Reform and equal pay, supporting subsequent debate at committee.

Further training has recently been provided to members of the Finance and Audit Scrutiny Committee with support from the Council's external auditors. Building on this training, strengthened elected-member training will be developed, informed by feedback from current elected members, helping to identify additional training needs, with scrutiny forming a key part of the induction training to be offered to all elected members following the May 2027 local government elections.

The Council will continue to support members with timely, balanced and sufficiently detailed information and will keep the effectiveness of its scrutiny arrangements under review.

Finding 5 – Statutory Performance Information Direction

The Commission is disappointed that the auditor concluded that the Council did not comply with the Commission's Statutory Performance Information Direction. The Direction requires councils to publish balanced performance information that enables communities to compare performance over time, track improvement and assess council transparency. The Commission looks forward to receiving assurance that this has been addressed for 2025/26 and that full compliance is being achieved.

Council's proposed response:

The Council accepts the Commission's finding. The Annual Performance Report process had been paused, with the agreement of the Operational Performance and Delivery Scrutiny Committee and Internal Audit, to allow the newly restructured Strategic Plan arrangements to become established. The timetable required by the Statutory Performance Information Direction is now being met.

The 2025/26 Annual Performance Report was reported to the Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee on

24 September 2026, providing assurance that the issue has been addressed for 2025/26.

The Council continues to implement improvements to performance management. This includes participating in the National Self Evaluation Framework pilot led by the Improvement Service and with the support of Audit Scotland which aims to reduce the burden of external reporting for local authorities by adopting a national system of self-evaluated performance reporting and monitoring. This period of change, which has also seen the introduction of the outcome-focused city level Impact Framework, developed by the Glasgow Community Planning Partnership, aims to further focus and streamline performance reporting to support the Accounts Commission Direction which asks local authorities to recognise the statutory role of councils in relation to community planning and show how council actions are contributing to the delivery of locally agreed shared outcomes.

3 COUNCIL CONSIDERATION

3.1 Following consideration and scrutiny by this Committee, the Best Value Report, the Accounts Commission's findings and the Council's responses to those findings will be considered at a meeting of the Council on 10 December 2026.

3.2 As that meeting falls outwith the three-month period following receipt of the findings, an extension to the period has been agreed with the Accounts Commission.

4 Policy and Resource Implications

Resource Implications:

Financial:	No direct financial implications arise from consideration of this report. The Accounts Commission's findings identify significant financial sustainability issues which are being addressed through existing and developing plans and governance arrangements.
Legal:	The statutory requirements arising from sections 102 and 103 of the Local Government (Scotland) Act 1973 are set out in section 1 of this report.
Personnel:	No direct implications arising from this report.
Procurement:	No direct implications arising from this report.

Council Strategic Plan:	The report supports effective governance, financial sustainability, transparent performance reporting and delivery of Best Value across the Council's Strategic Plan.
Equality and Socio-Economic Impacts:	
Does the proposal support the Council's Equality Outcomes 2025-29? Please specify.	The report supports transparent scrutiny of performance and the Council's approach to reducing poverty and inequality.
What are the potential equality impacts as a result of this report?	No direct equality impacts arise from consideration of this report.
Please highlight if the policy/proposal will help address socio-economic disadvantage.	The Accounts Commission report recognises poverty and deprivation as central challenges and highlights the importance of maintaining focus on service outcomes for communities.
Climate Impacts:	
Does the proposal support any Climate Plan actions? Please specify:	No direct climate implications arise from consideration of this report.
What are the potential climate impacts as a result of this proposal?	No direct climate impacts arise from consideration of this report.
Will the proposal contribute to Glasgow's net zero carbon target?	Not directly.
Privacy and Data Protection Impacts:	No.
Are there any potential data protection impacts as a result of this report Y/N	

5 Recommendations

5.1 The Committee is asked to:

1. consider the Best Value Report and the Accounts Commission's findings;

2. scrutinise the Council's proposed response to each of the Accounts Commission's findings; and

3. note that the Best Value Report and the Accounts Commission's findings will be considered at a meeting of the Council on 10 December 2026.