Item 4

18th August 2026

Glasgow City Region - City Deal Cabinet

Report by Robert Emmott, Executive Director of Financial Services

Contact: Jon Allen (jon.allen@glasgow.gov.uk)

Glasgow City Region Draft Audited Annual Accounts and Provisional Annual Audit Report 2025/26

Purpose of Report

The unaudited accounts for the period to 31st March 2026 were considered by the Cabinet on 26 May 2026.

This report now presents the Audited Annual Accounts to the Cabinet to consider and approve for signature. In making this decision the Cabinet must have regard to any report made on those accounts and any advice given by the auditor or proper officer.

The Provisional Annual Audit Report for the 2025/26 accounts, together with a copy of the Audited Annual Accounts for the period ended 31st March 2026 are attached.

Recommendations

The Cabinet is asked to:

1. note
   a. that the Independent Auditor's report is clear of qualification; and
   b. the content of the attached Annual Audit Report;

2. delegate approval of any additional audit procedures fee, not yet quantified, to the Glasgow City Council Executive Director of Financial Services; and

3. approve for signature the Audited Annual Accounts for 2025-26.

GLASGOW CITY REGION – CITY DEAL CABINET JOINT COMMITTEE

Audited Annual Accounts

for the Year ended 31 March 2026

GLASGOW CITY REGION – CITY DEAL CABINET JOINT COMMITTEE

Audited Annual Accounts Year ended 31 March 2026

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❖ Management Commentary

History and Statutory Background

Glasgow City Region, one of the largest regions in the UK, is Scotland's economic powerhouse. With a combined population of 1.9 million (NRS Mid-2024 Population Estimates Scotland), it provides 34% of the nation's jobs (ONS Business Register and Employment Survey) and a base to almost 30% of Scotland's businesses (ONS UK Business Counts). Its economy produced an approximate £60 billion of Gross Value Added (GVA) in 2023, making it the largest city region economy in Scotland and the seventh largest in the UK (ONS Regional gross value added (balanced) by industry: city and enterprise regions).

Our ground-breaking £1.13 billion City Deal, the first in Scotland and one of the largest in the UK, is an agreement between the UK Government, the Scottish Government and the eight member authorities across Glasgow City Region.

The eight participating member authorities are East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council.

The City Deal provides over £1 billion funding from the UK and Scottish governments to Glasgow City Region to be distributed to the member authorities and is set to transform the physical and social landscape – creating thousands of new jobs, homes, supporting business growth, improving transport connectivity and unlocking land in key sites for development.

In 2014 eight councils agreed to establish a Joint Committee to govern the City Deal and determine the strategic economic development priorities for Glasgow City Region.

Glasgow City Council is the Accountable Body.

An Assurance Framework sets out the operational structure of the Joint Committee, how its functions are governed and the role of the Accountable Body.

The Glasgow City Region has more recently expanded beyond City Deal taking in additional funding which will still contribute to and exceed our overall strategic aims across the region. The aims are being achieved through awards of Government funding for the Shared Prosperity Fund, Innovation Accelerator, 5G Innovation Region and creation of Investment Zones.

Structure

The Joint Committee, known as the Glasgow City Region Cabinet (the Cabinet), is made up of the Leaders of the participating member authorities. The Cabinet is responsible for decision making in relation to the City Deal and for determining the strategic economic development priorities for Glasgow City Region. Meetings are held quarterly and are open to the public, with papers available through the Glasgow City Region website.

The Glasgow City Region Programme Management Office (GCR PMO) acts as the secretariat for the Cabinet and is the central point for appraisal and monitoring of all aspects of City Deal. The Cabinet is supported by a Chief Executives' Group (CEG), which oversees the management of the GCR PMO in its delivery of the operational functions of the Cabinet.

The CEG is also supported by a number of sub-groups, comprised of officers from the member authorities focused on driving wider economic growth. Consultation continues to take place with the Glasgow City Region and the UK and Scottish Governments through ongoing officer liaison and an Annual Conversation event in September each year. Governance arrangements align to the Assurance Framework and the Programme Business Case. The City Deal is also supported by a programme of internal audits with detail provided in the Annual Governance Statement later in this report.

Strategic Aims

Over its lifetime to 31 March 2035, it was originally estimated at programme commencement that the City Deal would:

- Deliver £2.2 billion in additional GVA per annum (a 4% uplift) across the City Region;
- Support an additional overall increase of around 29,000 jobs in the City Region;
- Create 15,000 construction jobs through the City Deal construction programme;
- Work with 19,000 unemployed residents and support over 5,500 back into sustained employment;
- Lever in an estimated £3.3 billion of private sector investment to support the delivery of the projects within the infrastructure programme;
- Spread the benefits of economic growth across the Region, ensuring deprived areas benefit.

These Strategic Aims apply equally to the projects undertaken and our member authorities and were originally stated in support of our grant application and are monitored and reported through our quarterly reporting cycle as well as more detailed reporting every 5 years for the Gateway review process. The Gateway review aims to confirm progress before releasing the following 5 years City Deal funding.

Whilst the funding received by the Glasgow City Region is increasing beyond just City Deal, with the addition of Shared Prosperity Fund; 5GIR; Innovation Accelerator etc, the Strategic Aims remain valid. We are, however, reporting against additional Govternment set targets as well as developing additional ones against which the different funding achievements can be measured.

Programme Performance

This report marks the eleventh year since the creation of the Glasgow City Region Cabinet Joint Committee and our formal partnership and covers the year ending 31 March 2026.

This past year has been Glasgow City Region (GCR)'s most ambitious and productive yet, delivering significant progress across a wide portfolio of infrastructure, innovation and investment programmes, all underpinned by a strong foundation of collaboration.

Over the last year, the Region successfully integrated Clydeplan to establish a new **Place** team, supporting a more strategic Region-wide approach. Development of the **Clyde Mission** Strategic Masterplan has continued to make progress and comprehensive engagement with a wide range of stakeholders has started to take place across the member authorities, as part of the overall engagement strategy. The Region also launched a new £25 million Heat Decarbonisation Fund in December 2025, which will provide targeted investment within the Clyde Mission Corridor. Work has also progressed on the development of the Region's Spatial Strategy and on the **GCR Green Network** programme – with the completion of peatland restoration projects spanning several hundred hectares; establishing the River Kelvin Catchment Partnership alongside the member authorities and NatureScot; and more than 10,000 trees planted as part of planting events to celebrate Glasgow's 850 celebration.

The Region's **£185 million Investment Zone** also saw significant progress, moving from concept to delivery. In June 2025, the Scottish and UK Governments formally confirmed the Zone's focus on Advanced Manufacturing, and in March 2026 both governments confirmed the Investment Zone Tax Site at the Advanced Manufacturing Innovation District (AMIDS) and Glasgow Airport – including new financial powers which will allow the Region to unlock massive investment opportunities, jobs, and generate up to £162 million of additional benefits to the local economy over 25 years. Due to delays in obtaining Government guidance and establishing governance and operating arrangements the initial years programmed spend has necessarily been deferred to 2026/27 and it is hoped to catch up with the original spend profiles over time.

Additionally, the Region's work on **innovation** continued to make strides. Delivery continued to progress on the Region's Innovation Action Plan, in partnership with Innovate UK and Scottish Enterprise. This last year also marked the final year of the Region's landmark **Innovation Accelerator** programme, which funded seven of the programme's initial 11 local projects with an additional £30 million extension shared across three regions. Since its inception, the programme has engaged with over 250 companies, secured

£47 million in co-investment, created 260 new jobs, and retained over 370 existing jobs across the 11 projects.

In July 2025, Glasgow City Region was also announced as one of three UK cities and regions to receive at least £30 million through the new **Local Innovation Partnerships Fund (LIPF)**, with a further £20 million announced in October to bring the total funding package to £50 million. Through the Intelligence Hub's work on the Innovation Clusters Baseline, and validated by industry experts and key stakeholders, the Region confirmed the focus for the LIPF will be on the Health and Life Sciences cluster across MedTech, BioTech, and Pharma and Biopharma. In late 2025, the LIPF launched two open calls for proposals - £25 million for the commercialisation of R&D and a £20 million Laboratory Infrastructure Fund – with the full programme to be submitted to UK Research and Innovation (UKRI) in 2026.

This year also saw the Region's **5G Innovation Region** pilot come to a close, marking the end of the programme's one-year extension which saw GCR awarded a share of £7 million. The last 12 months saw a focus on Care and Connected Wellbeing and Smart Social Assets – supporting four Health and Social Care partnerships (HSCPs) across the Region to modernise community and residential care, and using Internet of Things (IoT) technology to improve housing condition monitoring, asset management and tenant wellbeing across a range of housing providers. A key part of the programme also included Scotland's largest study of mobile phone connectivity, originally launched in November 2024, and work will continue over the next year to improve the quality of this data and extend the coverage of the interactive map. Key strands of this work will now be integrated into the GCR team moving forward, including work with the HSCPs and work on connectivity.

In November 2025, the Region celebrated the first anniversary of the campaign to **Make Glasgow City Region a Living Wage Place**, which surpassed its' ambitious year one target of 200 new Living Wage accredited employers across GCR. Since the campaign's launch in November 2023, 200 new businesses have become accredited and wages have been uplifted for almost 2,000 workers.

Work is also continuing on **Economy and Health** across the Region, with significant progress on work to support the Foundational Economy through development of a Challenge Fund led by Glasgow City Council. Initially focused on the Early Learning and Childcare sector, the Fund will support new ideas that improve the quality, accessibility and resilience of services across key challenge areas. It will provide successful projects with financial support and access to resources and expertise. On top of this, ongoing use continues of the Region's Capital Investment Health Impact Assessment (CHIA) toolkit which launched in December 2024.

The Region also kicked off a landmark project with Glasgow City Council leading on behalf of all 8 Member Authorities in the procurement of a private sector Charge Point Operator to takeover the existing network and to install at least 3,000 new **electric vehicle (EV) charge points**. This is one of the largest contracts of its kind in the UK, with an estimated contract value over the 20 year lifetime of the project of £780 million, leveraging over £45 million of private sector investment, and generating a revenue share for the Member Authorities. The contract will deliver a nationally significant increase in EV charge point numbers – widening access for thousands of people across the Region, providing charge points in areas that may not typically be attractive to the private sector, and enabling a more just transition to zero emissions. Developing the project specification and the draft concession contract has proven complex and required a lot of internal resource from legal and procurement within Glasgow City Council and the Member Authorities, as well as expert external technical and commercial advisers, including the National Wealth Fund and Scottish Futures Trust. The complexity of the project is a reflection of the nature of the electric vehicle charge point market which is emerging and immature and is therefore subject to change and uncertainty. This project is progressing at the same time as many other Scottish and English Local Authorities have been working towards appointing Charge Point Operators in their own areas over a similar time period, and the market capacity to deliver these projects has been identified as a project risk. While the project is predominantly funded by the private sector, a small amount of grant funding (£3.6 million) has been provided by Transport Scotland – ensuring that the project can be delivered in this wider period of uncertainty while also meeting the requirements of Transport Scotland is a further complication that is being managed.

Separately, the Region continued to grow and develop the **Community Benefits Hub** website, an online wish list which enables communities to post up requests for goods or services to be met by suppliers. Since its launch in September 2024, the Hub has seen 158 community requests picked up by suppliers worth over £170,000 and 890 volunteer hours, 103 (£124,500 and 742 hours) of which have been fully completed. This past year also saw phase two of the Hub go live, introducing Anchor organisations to provide a further stream of suppliers to support local communities.

Lastly and no less importantly, the Region's **£1.13 billion City Deal programme** – which remains one of the most ambitious in the UK – delivered a number of transformative infrastructure projects over the last year and successfully passed its Gateway Review 2 to release a further £300 million funding. This year the Cabinet agreed to set an ambitious construction end date of December 2029 for the City Deal Programme (with the exception of the East Airdrie Link Road Project). This deadline, which seeks to accelerate the pace of investment in the Region's economic and social infrastructure, will require Member Authorities to ensure that adequate resources are in place to deliver at pace.

Significant progress has been made on the £64.5 million **Enabling Commercial Space Programme**, which is providing funding to the Region's councils to refurbish existing or create new commercial or industrial premises. The programme aims to tackle a key problem identified within the Region's Economic Strategy, supported by findings from a research report commissioned by the Region. Across the last year, most member authorities have completed the shortlisting phase and two FBCs have been approved to date.

We also celebrated a number of landmark City Deal project milestones. Work on Glasgow's city centre **Avenues programme** is well underway – marking the biggest city centre upgrade since the pedestrianisation of Buchanan Street in the 1970s. This includes the redevelopment of **George Square,** which is due to complete in autumn of this year, which forms a wall-to-wall transformation of the square to create a more attractive, people-focused and greener space.

In May 2025, the Region also celebrated the opening of the **Renfrew Bridge** – the first opening road bridge across the River Clyde – which has since seen more than 3.3 million crossings since recording started in June; and this year, the **Govan to Partick Bridge** celebrated more than one million crossings since opening.

In mid-2025, the second phase of **Byres Road** public realm improvement works began and ground was officially broken on the new £18.3 million **Balgray railway station** in Barrhead. And in early 2026, the completion of a new £5.9 million railway bridge in West Dunbartonshire marked a key milestone in the Strategic Development Opportunity Site at Bowling (the former **Exxon site**), which will deliver improved transport infrastructure and unlock the potential of the disused site. Work also progressed on the Case for Investment for the **Clyde Metro**, with new governance arrangements approved in early 2026.

Reflecting on the success of the past eleven years, and a proven track record of collaboration, the Region remains focused on delivering an ambitious portfolio of around £2 billion and building towards further devolved powers. In the wake of further unprecedented funding and powers being granted to English city regions, Glasgow City Region is fully prepared to lead within Scotland's emerging regional landscape, to act as a leading candidate to shape the design of new legislative and governance frameworks. This includes taking the required steps to articulate a clear, evidence-based case for regional devolution, through setting up dedicated workstreams covering key policy areas including innovation, investment, housing, planning, transport, skills, and economic development.

Glasgow City Region is entering a pivotal period, with major reforms ahead, and this year promises a huge opportunity for the Region to build on the leadership established with the City Deal to shape the next phase of regional economic governance in Scotland.

Financial Performance

The cost of running the Glasgow City Region – City Deal Cabinet Joint Committee is the main item of expenditure of the Cabinet. Salary costs and any administrative expenses incurred by the GCR PMO are re-imbursed in full by the participating member authorities.

The 2025/26 gross expenditure budget for the GCR PMO was set at £2.808 million (2024/25: £2.115 million). This, together with balances brought forward from previous years of £2.956 million (2024/25: £1.929 million) and additional 2025/26 funding of £3.856 million (2024/25: £4.856 million), provided total available resources of £9.620 million for the year (2024/25: £8.900 million).

Expenditure of £5.687 million (2024/25: £5.944 million) was incurred in the year, this gave an unfavourable budget variance of £2.879 million (2024/25: £3.830 million). This, together with the favourable income variance resulting from additional funding and increased interest on grants held pending distribution to member authorities, resulted in an additional resource balance of £3.932 million (2024/25: £2.956 million) which has been carried forward into 2026/27 and future years and will be used to meet agreed priorities.

The accounts have been prepared on a going concern basis see Note 1 Statement of Accounting Policies.

Councillor Susan Aitken
Glasgow Council Leader and
Chair, Glasgow City Region
Cabinet

Date

Susanne Miller
Chief Executive
Glasgow City Council

Date

Robert Emmott
Executive Director of
Financial Services
Glasgow City Council

Date

❖ Annual Governance Statement 2025/26

Role and responsibilities

The Glasgow City Region Cabinet is a Joint Committee established under Section 57 of the Local Government (Scotland) Act 1973, by the eight member authorities.

The lead body of the Joint Committee is Glasgow City Region Cabinet which meets four times annually. The Cabinet comprises the Leaders of the participating authorities and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan. The Cabinet is supported by a Chief Executives' Group, and the Programme Management Office acts as a secretariat.

The matters reserved to the member authorities for decision making which cannot be dealt with by the Cabinet are as follows:

- Any material financial decisions over and above what has been committed through the City Deal or other programme.
- Any amendment of the Joint Committee.
- Any requests for the addition of another local authority as member authority.
- Approval by a member authority to enter into a grant agreement in relation to a specific City Deal project.

Accountable Body

Glasgow City Council is the accountable body for the Glasgow City Region Cabinet. As accountable body, the Council holds and disburses the City Deal and Shared Prosperity grant funding; manages the budget for the Programme Management Office (PMO); signs grant offers with the Scottish and UK Governments; and makes disbursements to member authorities and other bodies as appropriate under the terms of the grant agreement.

Cabinet meetings

Regular meetings of the Glasgow City Region Cabinet are held on a quarterly basis. Occasional ad hoc meetings are also held as required. Cabinet meeting dates are listed in the Council Diary which is available at: https://onlineservices.glasgow.gov.uk/councillorsandcommittees/calendar.asp

Representation

The Glasgow City Region Cabinet is comprised of the Council Leaders (or their nominee) of each of the eight member authorities and is chaired by the Leader of Glasgow City Council as accountable body.

Chief Executives' Group

A management group has been established comprising the Chief Executive of each of the member authorities (or their nominee). The group has responsibility on a collective basis for the overall supervision and management and for the monitoring of the performance of the PMO in delivering the City Deal. The group is chaired by the Chief Executive of Glasgow City Council as accountable body.

Programme Management Office

The PMO undertakes the administrative role required to support the Cabinet, its sub-groups and portfolios. The PMO is delivered by Glasgow City Council as accountable body, and the role includes:

- Provision of administrative and technical support services
- Preparation and circulation of meeting minutes and agendas
- Publishing the Cabinet processes and outcomes
- Facilitating engagement by the stakeholders, and
- Managing Cabinet communications including the Glasgow City Region website.

Support Groups

A number of support groups have been created to support the delivery of the City Deal and share knowledge and information. The remit of these groups has been agreed by the Chief Executives and includes the following areas:

- Lead Officers Group
- Finance Strategy Group
- Communications and Marketing Group
- Audit

Scope of responsibility

As the accountable body for the Glasgow City Region Cabinet, Glasgow City Council is responsible for ensuring that its business, including that of the PMO, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the Cabinet is responsible for putting in place proper arrangements (known as the governance framework) for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Key elements of the governance framework are noted below. The framework was in place throughout 2025/26.

The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. A copy of The Code is available on the council's website at: https://www.glasgow.gov.uk/article/1319/Local-Code-of-Corporate-Governance

The work of the Cabinet is governed by the Code and by its Assurance Framework. This includes requirements for the preparation and production of a number of key policy documents including an Economic Strategy, a Procurement Strategy and a Risk Management Strategy. These documents set out the Cabinet's objectives together with the main risks facing the programme and the key controls in place to mitigate those risks. A Risk Register is maintained to facilitate detailed risk monitoring, and an Annual Implementation Plan is produced each year to support the Programme Business Case, which is the business case for overall delivery of the Programme. Scrutiny is provided by Internal Audit and by the Cabinet's External Auditor, Ernst & Young.

The Cabinet complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2016*". The Glasgow City Council Executive Director of Finance has overall responsibility for the PMO's financial arrangements and is professionally qualified and suitably experienced to lead the finance function and to direct finance staff.

The Cabinet complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". The appointed Chief Internal Auditor has responsibility for the internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service generally operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017".

The accountable body, Glasgow City Council has assessed its compliance with the CIPFA Financial Management Code (2019), which became mandatory from 2021/22 onwards. The assessment in 2025/26 indicated the Council was compliant with each of the requisite financial management standards.

The accountable body, Glasgow City Council, has a publicised Whistleblowing Policy in place and effective counter fraud and anti-corruption arrangements are in place and are consistent with the main principles set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).

Review of effectiveness

The Council and Glasgow City Region Cabinet have systems of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of the Glasgow City Region Cabinet's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised.

The Assurance Framework is subject to regular review to ensure that it provides an effective governance platform for the Cabinet.

Significant Governance Issues

Glasgow City Council's Head of Audit and Inspection has confirmed that there are no significant governance issues that require to be reported as a result of the work undertaken by Internal Audit in 2025/26 in relation to the remit of the Glasgow City Region Cabinet.

As part of the Internal Audit plan for Glasgow City Council for 2021/22, one unsatisfactory audit opinion was issued in relation to ICT. Whilst a number of higher risk areas are now mostly mitigated, there are other areas where remediation is still ongoing. The improvements required do not specifically relate to the Cabinet and are currently being progressed within Glasgow City Council.

Each member Local Authority Head of Internal Audit is required to submit an Assurance Statement for 2025/26 in relation to the control environment in their authority[1]. From the perspective of the Glasgow City Region Cabinet, no new significant governance issues have been reported by the Internal Audit teams of the member authorities during the year.

Assurance work undertaken within the Glasgow City Region Cabinet in 2025/26 included:

- Fair Work First Compliance
- Clyde Mission – Heat Decarbonisation
- Investment Zones – Critical Friend
- A review of the implementation of recommended actions arising from previous audit work.

Based on the audit work undertaken and the assurances provided by the member authorities, it is the Head of Audit & Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2025/26.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate in the Glasgow City Region Cabinet. We consider the governance and internal control environment operating during 2025/26 to provide reasonable and objective assurance that any significant risks impacting on the Glasgow City Region Cabinet's ability to achieve its objectives will be identified and actions taken to avoid or mitigate the impact.

[1] Four Assurance Statements have yet to be received but will be obtained prior to August 2025 Cabinet.

Where areas for improvement have been identified and action plans agreed, we will ensure that they are treated as priority and progress towards implementation is reviewed by the Chief Executives' Group and the Cabinet.

Glasgow Council Leader and
Chair, Glasgow City Region Cabinet
(Susan Aitken)

Date

Chief Executive
Glasgow City Council
(Susanne Miller)

Date

Statement of Responsibilities

1. The accountable body's responsibilities

The accountable body is required:

- To make arrangements for the proper administration of the financial affairs of the Glasgow City Region – City Deal Cabinet Joint Committee and to ensure that one of its officers has the responsibility for the administration of those affairs. In Glasgow City Council, that officer is the Executive Director of Financial Services.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.
- To ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014 and the Coronavirus (Scotland) Act 2020) and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- To approve the Annual Accounts for signature.

I certify that the Annual Accounts have been approved for signature by the Cabinet at its meeting on the 18th August 2026.

Councillor Susan Aitken
Glasgow Council Leader and Chair,
Glasgow City Region Cabinet

Date

2. Responsibilities of the Executive Director of Financial Services, Glasgow City Council

The Executive Director of Financial Services in Glasgow City Council is responsible for the preparation of the statement of accounts of the Glasgow City Region – City Deal Cabinet Joint Committee, in accordance with proper practices as required by legislation and as set out in the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Annual Accounts, the Executive Director of Financial Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the legislation; and
- Complied with the Code (in so far as it is compatible with legislation).

The Executive Director of Financial Services has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Glasgow City Region – City Deal Cabinet Joint Committee as at 31 March 2026 and the transactions for the year then ended.

Robert Emmott BSc (Hons) CPFA
Executive Director of Financial Services
Glasgow City Council

Date

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Glasgow City Region – City Deal Cabinet Joint Committee (the Joint Committee) for the year ended 31 March 2026 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Joint Committee as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the Joint Committee in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Joint Committee. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the Joint Committee's current or future financial sustainability. However, we report on the Joint Committee's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Executive Director of Finance and the Joint Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance is responsible for assessing the Joint Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the Joint Committee's operations.

The Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Joint Committee;
- inquiring of the Executive Director of Finance as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Joint Committee;
- inquiring of the Executive Director of Finance concerning the Joint Committee’s policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Joint Committee’s controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Executive Director of Finance is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rob Jones, (for and on behalf of Ernst & Young),
Ernst & Young LLP
G1 Building
5 George Square
Glasgow
G2 1DY

3. Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

2024/25 £	Service	Note	2025/26 £
5,944,231	Gross expenditure	3	5,687,317
(4,450,786)	Gross income	3	(4,471,323)
1,493,445	**Cost of Services**		**1,215,994**
(1,493,445)	Interest and investment income	3	(1,215,994)
(1,493,445)	**Financing and Investment Income and Expenditure**		**(1,215,994)**
0	**(Surplus) or Deficit on the Provision of Services**		**0**
0	**Other Comprehensive (Income) and Expenditure**		**0**
0	**Total Comprehensive (Income) and Expenditure**		**0**

Comprehensive Income and Expenditure Statement – shows income and expenditure incurred in the year relating to the provision of services for the Glasgow City Region – City Deal Cabinet Joint Committee.

4. Balance Sheet as at 31 March 2026

31 March 2025 £		Note	31 March 2026 £
4,573,665	Short-term debtors	**7**	8,323,588
4,573,665	**Current Assets**		**8,323,588**
(4,573,665)	Short-term creditors	**6**	(8,323,588)
(4,573,665)	**Current Liabilities**		**(8,323,588)**
0	**Net Assets / (Liabilities)**		**0**
0	**Usable Reserves**		**0**
0	Unusable Reserves		0
0	**Total Reserves**		**0**

Balance Sheet – The balance sheet of the Glasgow City Region – City Deal Cabinet Joint Committee shows that there were no reserve balances as at 31 March 2026 (31 March 2025: £0).

The unaudited accounts were issued on 28 May 2026 and the audited accounts were authorised for issue on date

Robert Emmott BSc (Hons) CPFA
Executive Director of Financial Services
Glasgow City Council

date

5. Cash Flow Statement for the year ended 31 March 2026

2024/25 £	Revenue Activities	2025/26 £
0	Surplus or (Deficit) on the Provision of Services	0
	Adjustments for non-cash items:	
(1,751,600)	(Increase) / decrease in debtors	(3,749,923)
1,751,600	Increase / (decrease) in creditors	3,749,923
0	**Net cash inflow / (outflow) from activities**	**0**
0	**Cash and cash equivalents at the beginning of the reporting period**	**0**
0	**Cash and cash equivalents at the end of the reporting period**	**0**

Cash Flow Statement – provides an analysis of non-cash movements, reconciling the surplus or deficit on provision of services and details the changes in cash and cash equivalents of the Glasgow City Region – City Deal Cabinet Joint Committee. The Glasgow City Region – City Deal Cabinet Joint Committee do not hold any cash, this is held by the accountable body on their behalf.

❖ Notes to the accounts

The main objective of these notes is to provide further explanation for certain aspects of the core Financial Statements.

1. Statement of Accounting Policies

1.1 The financial statements for the year ended 31 March 2026 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the Glasgow City Region – City Deal Cabinet Joint Committee.

1.2 The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. In this regard, the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the Glasgow City Region – City Deal Cabinet Joint Committee will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict the latter shall apply.

1.3 These accounts are prepared on a going concern basis. In accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, the Glasgow City Region – City Deal Cabinet Joint Committee is required to prepare its Financial Statements on a going concern basis unless informed by the relevant national body of the intention of dissolution without transfer of services or function to another entity. The Annual Accounts are prepared on the assumption that the Glasgow City Region – City Deal Cabinet Joint Committee will continue in operational existence for the foreseeable future.

Based on the Cabinet Agreement, the cost of running the Glasgow City Region – City Deal Cabinet Joint Committee is the main item of expenditure of the Cabinet. Salary costs and any administrative expenses incurred by the Glasgow City Region – City Deal Cabinet Joint Committee are re-imbursed in full by the member authorities. Funding is provided on an annual basis, and £3.562 million budget has been agreed with the member authorities for 2026/27. Together with balances of £3.932 million brought forward from previous years and additional 2026/27 funding, the Glasgow City Region – City Deal Cabinet Joint Committee holds total available fund resources of £7.494 million for the year end 31 March 2027 (31 March 2026: £5.703 million). On this basis the Glasgow City Region – City Deal Cabinet Joint Committee considers the going concern basis to be appropriate for the period at least 12 months from the date of the approval of these financial statements, up until March 2028.

1.4 Suppliers' invoices received up to 31 March 2026 have been included in the accounts. In addition, expenditure has been accrued, in accordance with the Code, where the goods or services were received by 31 March 2026. Salaries and wages earned to 31 March 2026 are included in the accounts for 2025/26 irrespective of when the actual payments were made.

1.5 Income includes all sums due in respect of contributions from member authorities and interest accruing from the City Deal Infrastructure Fund Grant prior to distribution.

1.6 Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income except where the grant or contribution has a condition attached, it shall not be recognised until there is reasonable assurance that the Glasgow City Region – City Deal Cabinet Joint Committee will comply with the conditions attached to them, and the grants or contributions will be received.

1.7 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2025/26 accounts.

1.8 There is no Movement in Reserves Disclosure as reserves require a legislative background and GCR is not a separate legal organisation.

1.9 Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts are authorised for issue. Two types of event may be identified and this firstly includes those events that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events. Secondly, it includes those events that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events is disclosed in the notes.

2. Accounting Standards Issued not Adopted

There are no accounting standards which have been issued, but not adopted, that would have a material effect on the 2025/26 Financial Statements of the Glasgow City Region – City Deal Cabinet Joint Committee.

3. Income and Expenditure

The table below provides a detailed breakdown of income and expenditure of the Glasgow City Region – City Deal Cabinet Joint Committee during 2025/26 with prior year comparatives.

	Note	2024/25 £	2025/26 £
Income			
Expenditure re-imbursement from Member Authorities	**4**	(320,741)	(371,229)
Grants and contributions received		(4,130,045)	(4,100,094)
Interest		(1,493,445)	(1,215,994)
Total income		**(5,944,231)**	**(5,687,317)**
Expenditure			
Employee costs		2,700,610	3,441,163
Transport Cost		0	1,704
Supplies and services		2,080,411	972,410
Third Party Payments		1,163,210	1,272,040
Total expenditure		**5,944,231**	**5,687,317**
(Surplus) or deficit for period		0	0
(Surplus) brought forward		0	0
Accumulated (surplus) or deficit		**0**	**0**

The Interest income is based on a pooled interest rate of 3.36% reflective of all interest paid and received related to temporary balances borrowed and invested over the course of the year.

4. PMO Budget and Funding

Based on the initial agreement signed by member authorities, parameters were set out to determine the method of funding for the Glasgow City Region – City Deal Cabinet Joint Committee. The Contribution Sum is to be calculated as a proportion of the Glasgow City Region – City Deal Cabinet Joint Committee budget, based on the population of each member authority's area and expressed as a percentage of the total population within the areas of the member authorities. In 2025/26 there were additional unbudgeted grant and contribution receipts, resulting in a reduced cost of the Glasgow City Region – City Deal Cabinet Joint Committee to member authorities of £371,229.

A breakdown of each member's share of the net cost of running the Glasgow City Region – City Deal Cabinet Joint Committee is shown in the table below:

Member Authority	Net Cost 2024/25 £	Net Cost 2025/26 £
East Dunbartonshire Council	(18,892)	(21,735)
East Renfrewshire Council	(16,742)	(19,620)
Glasgow City Council	(110,175)	(125,755)
Inverclyde Council	(13,311)	(15,587)
North Lanarkshire Council	(59,209)	(68,032)
Renfrewshire Council	(31,208)	(37,119)
South Lanarkshire Council	(55,969)	(65,721)
West Dunbartonshire Council	(15,235)	(17,660)
Total	**(320,741)**	**(371,229)**

5. Employee Benefits

As at 31 March 2026 32 full time (2024/25: 26) and 5 part time (2024/25: 7) permanent members of staff of the Glasgow City Region – City Deal Cabinet Joint Committee were employed on a secondment basis by Glasgow City Council.

In accordance with International Accounting Standard 19 (IAS 19) – Employee Benefits, the employing councils are required to disclose certain information concerning assets, liabilities, income and expenditure, of the pension scheme. As the Cabinet does not directly employ staff, the staff pension costs of the Glasgow City Region – City Deal Cabinet Joint Committee will be reflected in the figures disclosed in the financial statements of Glasgow City Council.

The Code requires that employee benefits are recognised in the accounts when they are earned rather than when they are paid. As a result, there is a requirement to consider notional entitlements to annual leave earned but not taken as at 31 March 2026. Employees providing professional services to the Glasgow City Region – City Deal Cabinet Joint Committee are contracted to Glasgow City Council and therefore any notional liability will have been included within their accounts as they hold the contracts of employment.

6. Creditors

The creditors figure for 2025/26 of £8,323,588 (2024/25: £4,573,665), comprises the following:

Creditors	31 March 2025 £	31 March 2026 £
Short Term Creditors		
Bodies External to General Government	1,059,239	539,512
Central Government Bodies	101,274	3,234,738
Other Local Authorities	3,126,069	4,262,255
Glasgow Group of Companies	287,083	287,083
Total sundry creditors	**4,573,665**	**8,323,588**

7. Short-Term Debtors

The short-term Debtors figure for 2025/26 of £8,323,588 (2024/25: £4,573,665), comprises the following:

Short-term debtors	31 March 2025 £	31 March 2026 £
Balance held by Glasgow City Council on behalf of the Glasgow City Region – City Deal Cabinet Joint Committee	4,244,718	7,703,113
UK Government	0	313,173
Transport Scotland	230,817	34,920
Glasgow University	22,226	0
Scottish Government	75,904	272,382
Total sundry debtors	**4,573,665**	**8,323.588**

8. Remuneration

The Glasgow City Region – City Deal Cabinet Joint Committee does not directly employ any members of staff, with all services being provided by staff of the member authorities on a secondment basis. A remuneration disclosure in respect of elected members and chief officers of the Councils, including those with authority and responsibility for the Glasgow City Region – City Deal Cabinet Joint Committee are included in the Annual Accounts of each of the member authorities.

Details of the remuneration of key management personnel are also included in the similar Glasgow City Council disclosure as follows:

Total 2024-25 £	Senior Employee/Full Time Equivalent	Total 2025-26 £
127,356	**Kevin Rush** – Director of Regional Economic Growth (FTE 1)	132,680

The other employees receiving more than £50,000 remuneration for the year (including those staff in the above table) are also included in the similar Glasgow City Council disclosure and are as follows:

2024-25 Number of Employees	Remuneration band	2025-26 Number of Employees
5	£50,000 – £59,999	7
0	£60,000 – £69,999	6
3	£70,000 – £79,999	0
2	£80,000 – £89,999	3
2	£90,000 – £99,999	0
0	£100,000 – £109,999	4
0	£110,000 – £119,999	0
1	£120,000 – £129,999	0
0	£130,000 – £139,999	1

9. Related Parties

Glasgow City Council is the Accountable body responsible for the Glasgow City Region – City Deal Cabinet Joint Committee. The Glasgow City Region – City Deal Cabinet Joint Committee uses the administering body's financial and payroll systems and banking facilities. Glasgow City Council is also the employer of the permanent members of staff employed by the Glasgow City Region – City Deal Cabinet Joint Committee. Also refer to Note 5. Employment Benefits and Note 8. Remuneration.

Member authorities are considered to be related parties based on the influence that they may be able to exert and have been included in the table below.

2024/25 Expenditure £	2024/25 Income £	2024/25 Debtors £	2024/25 Credit Recharge (Note 6) £	Related Body	2025/26 Expenditure £	2025/26 Income £	2025/26 Debtors £	2025/26 Credit Recharge (Note 6) £
5,944,231	5,337,567	4,573,665	(1,011,241)	Glasgow City Council	5,687,317	4,943,556	8,323,588	(1,341,932)
	54,518		(174,205)	East Dunbartonshire Council		87,673		(231,361)
	56,975		(153,986)	East Renfrewshire Council		84,726		(205,581)
	52,780		(124,513)	Inverclyde Council		79,106		(165,502)
	125,050		(547,182)	North Lanarkshire Council		152,185		(726,083)
	114,110		(287,376)	Renfrewshire Council		109,110		(384,987)
	153,001		(515,430)	South Lanarkshire Council		148,966		(688,255)
	50,230		(142,182)	West Dunbartonshire Council		81,995		(188,622)
5,944,231	**5,944,231**	**4,573,665**	**(2,956,115)**	**Totals**	**5,687,317**	**5,687,317**	**8,323,588**	**(3,932,323)**

10. Auditor Remuneration

Audit Scotland had agreed with the Glasgow City Region – City Deal Cabinet Joint Committee that the audit fee would be £11,230 for the 2025/26 financial year (2024/25: £10,760). No fees were payable in respect of other services provided by the appointed auditor.

11. Events After the Balance Sheet Date

There were no material events between 31 March 2026 and the date of signing that require to be reflected in the Financial Statements.

Shape the future
with confidence

Glasgow City Region – City Deal Cabinet Joint Committee

[Provisional] Annual Audit Report
Year ended 31 March 2026

18 August 2026

The better the question.
The better the answer.
The better the world works.

Contents

About this report

This report has been prepared in accordance with Terms of Appointment Letter, through which the Accounts Commission has appointed us as external auditor of Glasgow City Region - City Deal Cabinet Joint Committee for financial years 2022/23 to 2026/27.

This report is for the benefit of the Joint Committee and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Accessibility

Our Report may be available on Audit Scotland's website, and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018. Responsibility rests with the publishing organisation to ensure that standards are met.

Executive summary

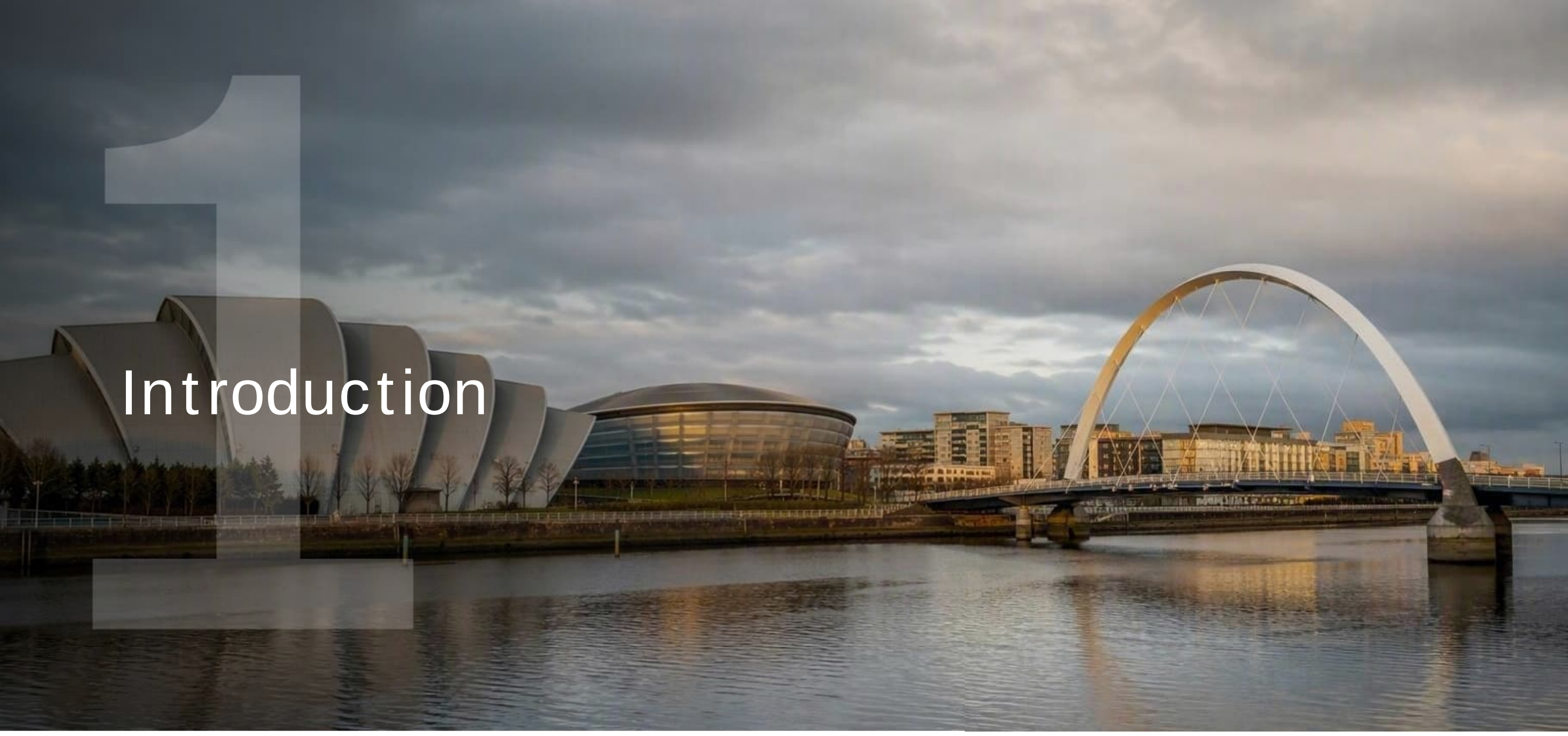
This [provisional] report summarises the findings of the 2025/26 annual audit of Glasgow City Region - City Deal Cabinet Joint Committee (“the Cabinet” or “the Joint Committee”). The scope of the audit was set out in our Annual Audit Plan, which was presented to the Joint Committee on 17 March 2026. The report summarises:

- Our conclusions arising from the audit of the Joint Committee's financial statements; and
- A summary of significant matters and conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice 2021.

Financial Statements Our assessment: Green	[Pending finalisation of our quality assurance and completion procedures,] we have concluded our audit of the Cabinet’s financial statements for the year ended 31 March 2026. [There were two unadjusted misstatements above our reporting threshold that we are required to communicate.] In addition, we identified some minor presentational changes which have been reflected in the financial statements. A number of further minor changes have not been reflected on the basis of materiality. The unaudited financial statements and supporting working papers were provided in line with the agreed audit timetable. We made observations in prior years in relation to correcting the financial statements to comply with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom (the CIPFA Code), as well as a recommendation around supporting improved preparation of the financial statements going forward. These recommendations were closed in 2024/25 and no further recommendations have been raised in the current year. We continued to work with the finance team to ensure the financial statement disclosures are appropriate and reflect the standards. We concluded that the other information subject to audit, including the Annual Governance Statement were appropriate. We were satisfied that, after the adjustments made during the course of the audit, the disclosures reflect the Cabinet’s compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the CIPFA Code).
Going concern Our assessment: Green	In accordance with the International Financial Reporting Standards (IFRS), the Cabinet prepares its financial statements on a going concern basis unless informed by the Scottish Government. Under a revised auditing standard, ISA 570, we are required to undertake greater challenge of management’s assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. After completing its going concern assessment, the Cabinet has concluded that there are no material uncertainties around its going concern status. We were satisfied that the Cabinet remains a going concern and has made appropriate required disclosures in the financial statements. We have considered the related risks to the financial sustainability of the Cabinet in our wider scope reporting. We have no matters to report in respect of our work around going concern or the conclusions reached by the Cabinet.

Executive summary: Wider Scope responsibilities

Financial Sustainability Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered. Our assessment: Green	The Cabinet reported a cumulative surplus of £3.93 million to be carried forward to 2026/27 (2024/25: £2.96 million cumulative surplus carried forward to 2025/26). We were satisfied that the Cabinet's financial monitoring and reporting was clear and consistent throughout the year. The Cabinet's budget is balanced each year, with expenditure projected and funding used to offset it. This was £2.8 million in the 2025/26 budget and is £3.6 million in 2026/27 which is an increase of £0.8 million from 2025/26. The Cabinet has established budget monitoring arrangements. Performance against budget is reported to the Joint Committee on a quarterly basis. We are satisfied that the core financial management arrangements were not materially impacted by any external pressures, with clear financial reporting continuing throughout the year.
Vision, Leadership and Governance The effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information. Our assessment: Green	The core elements of good governance are in place at the Cabinet and have been operating throughout the year. Performance against budget is reported to the Cabinet on a quarterly basis through performance reports. All planned internal audit assignments were completed in 2025/26 with no high priority findings identified that require urgent attention from management. Internal audit concluded that adequate and effective governance arrangements were in place during the year.
Best Value The Joint Committee has a statutory duty to have arrangements to secure Best Value. The Joint Committee should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. Our assessment: Green	We are required to conclude on the Cabinet's arrangements to demonstrate the achievement of Best Value. We are satisfied that the Cabinet has appropriate arrangements to secure Best Value, including performance and financial reporting arrangements.



1 Introduction

Purpose of our report

The Accounts Commission for Scotland appointed EY as the external auditor of Glasgow City Region - City Deal Cabinet Joint Committee (“the Cabinet” or “the Joint Committee”) for the five-year period to 2026/27.

We undertake our audit in accordance with the Code of Audit Practice (June 2021); Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other relevant guidance issued by Audit Scotland.

This [provisional] Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both the Joint Committee and the Accounts Commission and presented to those charged with governance. This [provisional] report is provided to Audit Scotland and is published on their website.

A key objective of audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the Cabinet employs best practice and where practices can be improved, and how risks facing the Joint Committee can be mitigated. We use these insights to form audit recommendations to support the Cabinet.

Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant recommendations and actions agreed with management. We also report on the progress made by management in implementing previously agreed recommendations as set out in Appendix E. Our audit was not designed to identify all matters that may be relevant to the Joint Committee. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Our independence

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as external auditor. Further information is available in Appendix B.

Scope and responsibilities

The Code sets out the responsibilities of both the Joint Committee and the auditor (summarised in Appendix A). These were outlined in our Annual Audit Plan on 17 March 2026 which was presented to the Joint Committee.

Our review and assessment of materiality

In our Annual Audit Plan, we communicated that our audit procedures would be performed using an overall materiality of £60,000. We have reassessed materiality as part of our year end procedures with details shown within Exhibit 1.

Performance materiality remains at 75% of overall materiality at £45,750.

Exhibit 1: Updated assessment of materiality

Planning materiality

£61,000

Within our Annual Audit Plan, we reported our preliminary assessment that materiality would be set at £60,000 for the Cabinet (2024/25: £61,000). We have considered whether any change to our materiality was required with no amendments made.

Performance materiality

£45,750

Performance materiality has been set at £45,750 for the Cabinet (2024/25: £45,750), which represents 75% of materiality.

We outlined our intention to report on misstatements that exceeded £3,000 for the Cabinet within our Annual Audit Plan. There were [two] differences that breached this threshold for the Joint Committee. Our consideration of these adjustments is set out in Appendix F.

Based on our understanding of the expectations of financial statement users, we apply a lower materiality level to Remuneration disclosures. We also apply professional judgement to consider the materiality of related party transactions to both parties.

Financial Statements audit

We are responsible for conducting an audit of the Joint Committee's financial statements. We provide an opinion as to:

- Whether they give a true and fair view of the state of the affairs of the Joint Committee as at 31 March 2026 and of the income and expenditure for the year then ended.
- Have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code.
- Whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published along with the financial statements.

We outlined the significant risks for the 2025/26 audit in our Annual Audit Plan, presented to the Joint Committee on 17 March 2026.

One significant risk was identified within our Annual Audit Plan impacting the audit of the financial statements:

- The risk of fraud in revenue and expenditure recognition, including through management override (fraud risk);

Our findings in these areas are summarised in Section 2 of this report.

Wider Scope and Best Value audit

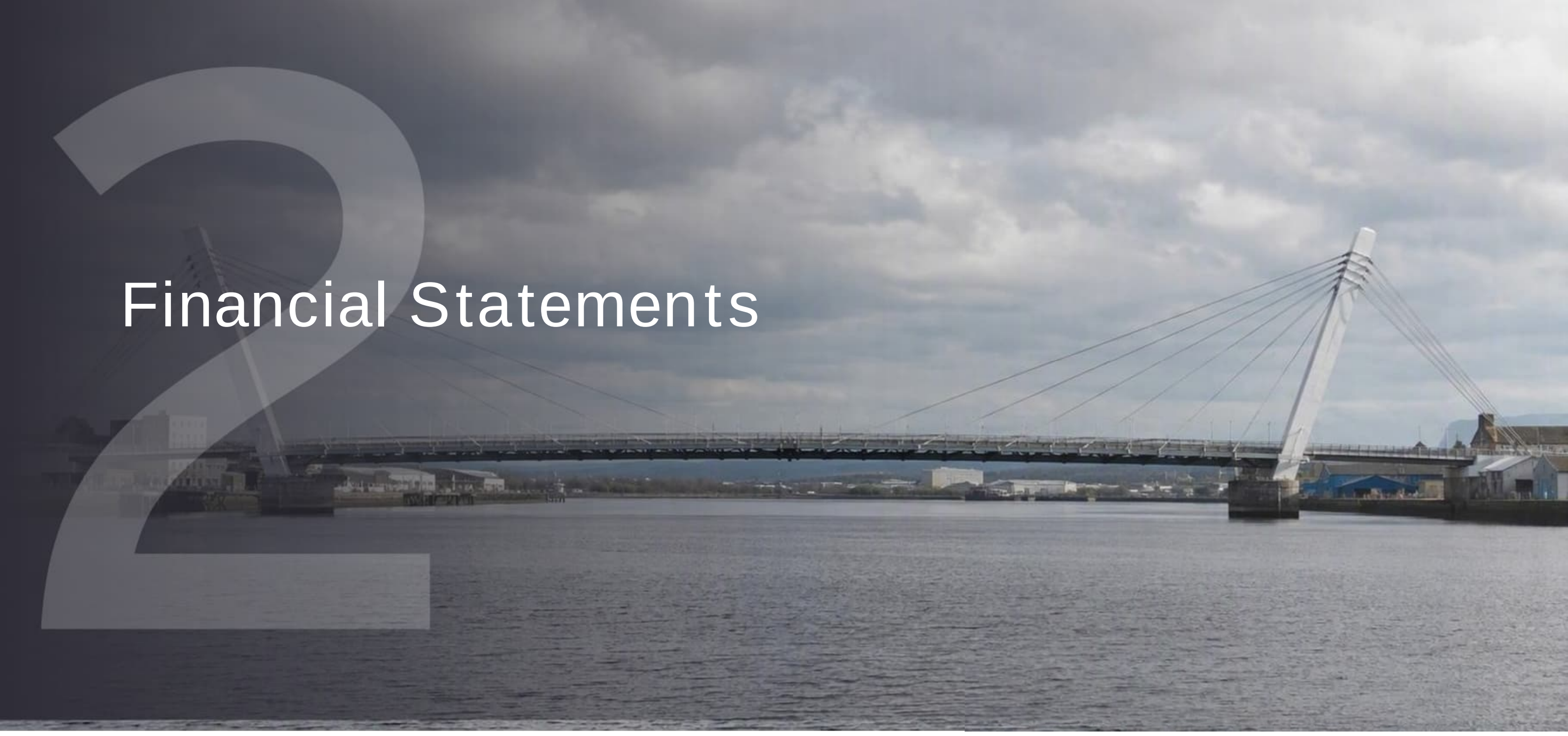
As public sector auditors, our responsibilities extend beyond the audit of the financial statements. The Code of Audit Practice (2021) requires auditors to consider the arrangements put in place by the Joint Committee to meet their Best Value obligations as part of our proportionate and risk-based wider-scope audit work.

In line with the CIPFA Code, we have determined the Cabinet meets the definition of a less complex body. The audit of the wider-scope and Best Value in an audited body which meets the definition of a less complex body may be limited to consideration of:

- The regard shown to financial sustainability; and
- The effectiveness of scrutiny and governance arrangements and the transparent reporting of financial and performance information, in particular through the Annual Governance Statement;
- For local government bodies, reporting on the arrangements for securing Best Value.

Under the Code of Audit Practice, we have a duty to consider the arrangements that the Joint Committee has in place to secure Best Value, as an audited body that falls within section 106 of the Local Government (Scotland) Act 1973. Consideration of the arrangements that the Joint Committee has in place to secure Best Value will be integrated within the wider scope audit, and a conclusion on the arrangements to secure Best Value will be reported in the Annual Audit Report.

Our wider scope and Best Value findings are summarised in Section 3 of this report.



2 Financial Statements

Introduction

The annual financial statements allow the Joint Committee to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of those resources during the year.

This section of our [provisional] report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

Compliance with regulations

As part of our oversight of the Joint Committee's financial reporting process we report on our consideration of the quality of working papers and supporting documentation prepared to support the audit.

The unaudited financial statements were submitted for audit by 30 June 2026, in line with requirements. The financial statements were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2025/26, IFRSs, as interpreted and adapted by the 2025/26 Code and the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

As part of our oversight of the Joint Committee's financial reporting process, we consider key aspects of the Joint Committee's preparation of the financial statements and supporting documentation, predominantly by the finance team, to support the audit. We also reviewed the financial statements and made comments aimed at improving the compliance with the Code of Accounting Practice, or to enhance the understanding of the financial statements.

We continued to work with the finance team to ensure the financial statement disclosures are appropriate and that progress continues to be made against recommendations that were raised and closed in relation to financial statement preparation in prior audit periods.

Our assessment of the quality of the financial statements preparation and support is summarised in Exhibit 2.

Exhibit 2: Factors impacting the execution of the audit

Area	Status	Explanation
Timeliness of the unaudited financial statements	Effective	▪ The financial statements were presented to the Joint Committee on 26 May 2026, and unaudited financial statements were shared with audit on 29 May 2026.
Quality and completeness of the unaudited financial statements	Effective	▪ Our review of the financial statements identified minor presentational and disclosure changes and minimal internal inconsistencies.
Delivery of working papers in accordance with agreed client assistance schedule	Effective	▪ The working papers to support the audit were provided alongside unaudited financial statements in May 2026 in line with the client assistance schedule shared with the Finance team.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective	▪ We received good support from the Finance Manager throughout the audit process, including in the early stages of audit.
Volume and value of identified misstatements	Effective	▪ We identified [two] differences arising from the audit in relation to the financial statements.
Volume of misstatements in disclosure	Effective	▪ We identified a small number of minor presentational changes which have been reflected in the financial statements, where material.
Adherence to public inspection period	Effective	▪ We were satisfied that the Joint Committee made the financial statements available for public inspection in accordance with Regulation 9 of The Local Authority Accounts (Scotland) Regulations 2014.
Pace of progress in respect of implementation of recommendations agreed in prior years	Effective	▪ We note that there are no prior year recommendations open for consideration.

Audit Outcomes

We identified [two] unadjusted differences arising from the audit. As part of the audit, we reviewed the financial statements and made several comments aimed at improving the compliance with the Code of Accounting Practice. We worked with management to make minor amendments to the financial statement disclosures, and we will continue to highlight and discuss good practice throughout our period of appointment.

Audit approach

We adopted a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

During our planning procedures, we determine which accounts, disclosures and relevant assertions could contain risks of material misstatement.

Our audit involves:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, error or design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Joint Committee's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence to express an opinion on the Joint Committee's financial statements.
- Reading other information contained in the financial statements to form an assessment, including that the annual report is fair, balanced and understandable.
- Ensuring that reporting to the Joint Committee appropriately addresses matters communicated by us and whether it is materially inconsistent with our understanding and the financial statements.
- We rigorously maintain auditor independence (refer to Appendix B).

Our overall audit opinion is summarised on the following page.

Key audit matters

Under the Code of Audit Practice (the Code), issued by Audit Scotland in June 2021, key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Exhibit 6: Our Audit Opinion

Element of our opinion	Basis of our opinion	Conclusions
Financial statements ▪ Truth and fairness of the state of affairs of the Joint Committee at 31 March 2026 and its expenditure and income for the year then ended. ▪ Financial statements in accordance with the relevant financial reporting framework and relevant legislation.	▪ We report on the outcomes of our audit procedures to respond to the most significant assessed risks of material misstatement that we have identified, including our judgements within this section of our report. We did not identify any areas of material misstatement. ▪ We are satisfied that accounting policies are appropriate, and estimates are reasonable. ▪ [We have considered] the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland.	We [intend to issue] an unqualified audit opinion on the 2025/26 financial statements for the Joint Committee.
Going concern ▪ We are required to conclude on the appropriateness of the use of the going concern basis of accounting.	▪ We conduct core financial statements audit work, including review and challenge of management's assessment of the appropriateness of the going concern basis. ▪ Wider scope procedures including the forecasts are considered as part of our work on financial sustainability.	In accordance with the work reported on page 17, we [have not identified any material uncertainties.]
Other information ▪ We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit.	▪ The Executive Director of Financial Services (Glasgow City Council) is responsible for other information included in the financial statements. ▪ We conduct a range of substantive procedures on the financial statements, and our conclusion draws upon review of committee and Cabinet minutes and papers, regular discussions with management, our understanding of the Joint Committee and the wider sector.	We [are satisfied] that the other information meets the core requirements set out in the Code of Practice on Local Authority Accounting.
Matters prescribed by the Accounts Commission ▪ Audited part of remuneration report has been properly prepared. ▪ Management commentary / annual governance statement are consistent with the financial statements and have been properly prepared.	Our procedures include: ▪ Reviewing the content of narrative disclosures to information known to us. ▪ Our assessment of the Annual Governance Statement against the requirements of the CIPFA Delivering Good Governance Code.	We [intend to issue] an unqualified audit opinion.
Matters on which we are required to report by exception	We are required to report on whether: ▪ Adequate accounting records have been kept. ▪ Financial statements and the audited part of the remuneration report are not in agreement with the accounting records. ▪ We have not received the information or explanations we require.	[We have no matters to report.]

Our response to significant and fraud audit risks

1. Risk of fraud in income and expenditure recognition, including through management override of control (a key audit matter)

What is the risk?

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have identified a risk around income and expenditure recognition, specifically the accounting for grant funding and subsequent related expenditure in the correct accounting period and in line with the terms and conditions of those transactions. In line with auditing standards, we rebut the risk around income and expenditure where appropriate depending on the nature of the account. Accordingly, we have rebutted the risk of improper recognition of income in respect of core contributions from member authorities. With regards to expenditure, we have rebutted the risk of improper recognition of routine payroll costs.

Impacted balances within the financial statements:

- Other Operating Expenditure: £2.25 million
- Grants and contributions received: £4.1 million

Refer to accounting policies within Note 1, pages 19-20 and note 3 of the Cabinet's financial statements.

What did we do?

We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2025/26 our work included:

- Inquired of management about risks of fraud and the controls to address those risks;
- Considered the effectiveness of management's controls designed to address the risk of fraud;
- Understood the oversight given by those charged with governance of management's processes over fraud;
- Challenged management around how the Cabinet gains assurance over the expenditure incurred by its partner bodies, so that it can account for the recognition of expenditure to those bodies;
- Examined conditions (restrictions, performance conditions) attached to the grants and confirm correct accounting treatment against existing accounting policies and the CIPFA Code; and
- Performed additional testing on income and expenditure incurred closer to the financial yearend.

We also performed mandatory procedures regardless of specifically identified fraud risks, including:

- Substantively tested income and expenditure transactions as appropriate and material;

- Considered any new revenue streams and accrued income due to receipt of grant income, and its accounting arrangements against existing policies and LASAAC guidance;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Assessed accounting estimates for evidence of management bias; and
- Evaluated the business rationale for significant unusual transactions.

Our Findings

Our testing identified [two] unadjusted misstatements relating to revenue and expenditure recognition, as outlined in Appendix F of this report.

Journal Entries

We tested the appropriateness of journal entries recorded and other adjustments made in the preparation of the financial statements.

We obtained a full list of journals posted during the year to identify potentially unusual journals based on posting patterns, amounts or areas of greater risk of judgement or incentive for management to adjust according to our identified risk areas for the audit. We evaluated the business rationale for any significant unusual transaction. In particular we considered:

- Journal entries made to key accounts which are considered more likely to have an incentive to be manipulated;
- Journals entries made around year end.

[Pending finalisation of our review and conclusion procedures,] we identified no unusual journals which could not be explained by management, or which indicated any additional risk of fraud.

Judgements and Estimates

There are no material accounting estimates included in the financial statements that have a direct impact of the Cabinet’s financial statements.

Accounting Policies

We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the Cabinet to be appropriate. There were no significant accounting practices which materially depart from what is acceptable under the CIPFA code.

We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.

Our conclusions:

- Our testing identified [two] unadjusted misstatements relating to revenue and expenditure recognition, as outlined in Appendix F of this report.
- [Pending finalisation of our review and conclusion procedures,] we identified no unusual journals which could not be explained by management, or which indicated any additional risk of fraud.
- We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- There was no disagreement during the course of the audit over the correct accounting treatment or disclosure and we encountered no significant difficulties in the audit.

Going concern

In accordance with the CIPFA Code of Practice on Local Government Accounting, the Joint Committee prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity.

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor’s report.

Under ISA (UK) 570, we are required to undertake challenge of management’s assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. Management’s going concern assessment and associated disclosures cover the period following approval of the financial statements, to 31 March 2028.

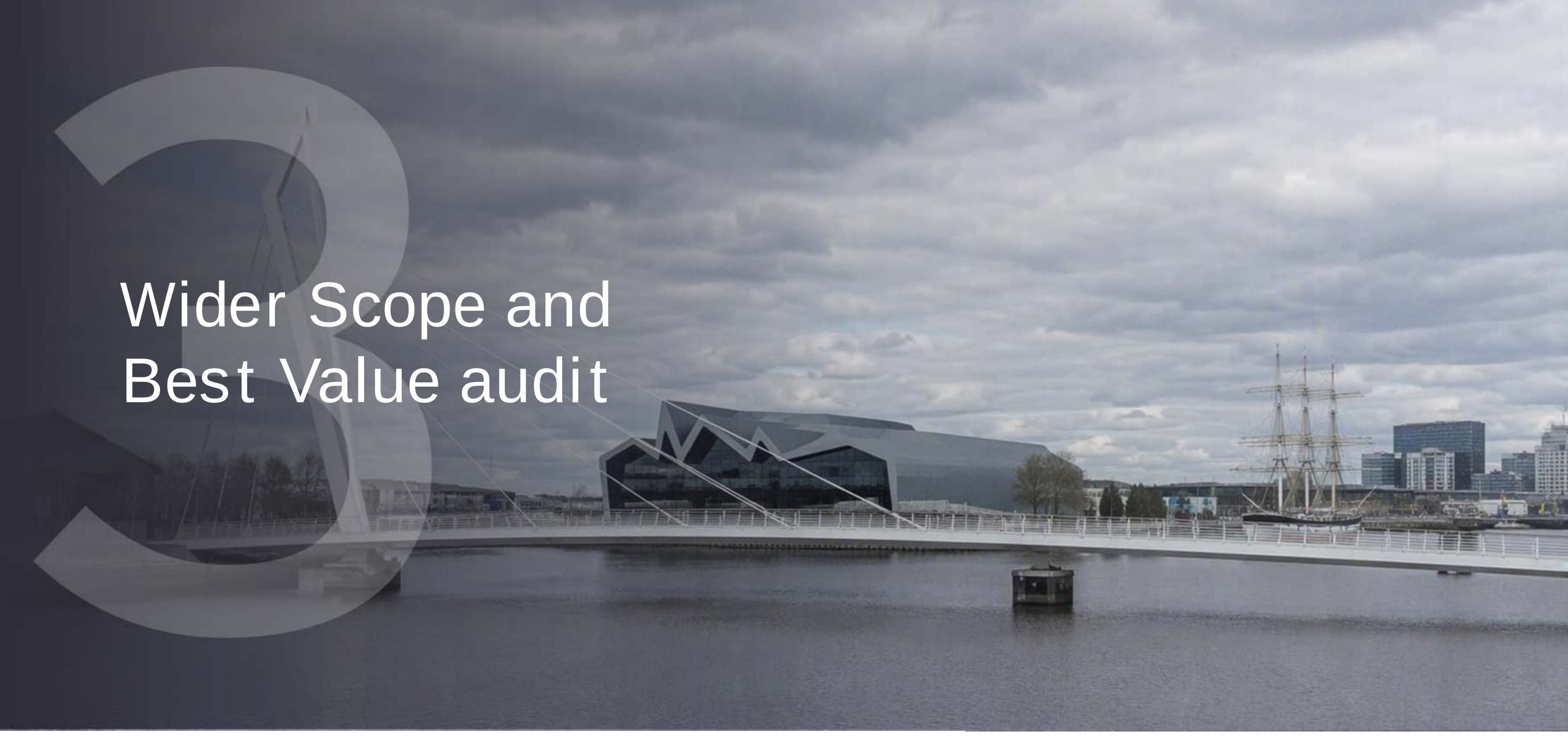
After completing its going concern assessment in line with the information and support provided through earlier discussions in the audit process, the Joint Committee has concluded that there are no material uncertainties around its going concern status. We have outlined our consideration of the Joint Committee's financial position going forward in the financial sustainability section of this report. We considered this in conjunction with management’s assessment on going concern, focusing on:

- The completeness of factors considered in management’s going concern assessment.
- The completeness of disclosures in the financial statements in relation to going concern and future financial pressures and how savings challenges in the short and medium term will be addressed.

All information provided by management to support its assessment, including key reports to the Joint Committee and financial plans, were verified to supporting records.

Our conclusions:

- We concur with management’s assessment that there are no material uncertainties in relation to the going concern of the Cabinet.



3 Wider Scope and Best Value audit

Introduction

In June 2021, Audit Scotland and the Accounts Commission published the current Code of Audit Practice. This establishes the expectations for public sector auditors in Scotland for the term of the current appointment.

Risk assessment and approach

The Code sets out the four dimensions that comprise the wider scope audit for the public sector in Scotland:

- Financial management;
- Financial sustainability;
- Vision, Leadership and Governance; and
- Use of resources to improve outcomes.

The Code also includes provisions relating to the audit of less complex public bodies (owing to its size and its limited financial activity). The wider scope in an audited body which meets the definition of a less complex body under the Code may be limited to consideration of:

- Financial sustainability
- Vision, Leadership and Governance (including Annual Governance Statement review).

We are required to comment on how effectively, in our view, the Cabinet demonstrates that it meets its Best Value responsibilities. The conclusions that we reach on the wider scope areas contribute to this consideration. We expect to develop our understanding of how the Cabinet meets its Best Value responsibilities over the course of our appointment.

Exhibit 7: Our RAG ratings

Red Amber Green	Our auditor judgements are RAG rated based on our assessment of the adequacy of the Joint Committee's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each area. This takes account of both external risks not within the Joint Committee's control and internal risks which can be managed by the Cabinet, as well as the overall pace of improvement and future risk associated with each dimension.

Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered. Our focus is therefore on the strategic planning that the Joint Committee has undertaken to support its sustainability and ability to deliver balanced budgets in the medium term.

Financial performance and monitoring

The main financial objective of the Cabinet is to ensure that the financial outturn of the Project Management Office (PMO) for the year is within the agreed budget.

The Cabinet recorded an overspend of £0.48 million against the 2025/26 expenditure budget, principally due to the utilisation of prior year balances to keep Member Authorities' contributions at 2022/23 levels (as agreed by Cabinet). This resulted in the Cabinet reporting a cumulative surplus of £3.93 million which was carried forward to 2026/27, following the allocation of interest on government grants to member authorities, (2024/25: £2.96 million cumulative surplus carry forward to 2025/26).

The budget is balanced each year, with expenditure projected and funding used to offset it. This was £2.8 million in the 2025/26 budget. It was previously agreed that the member contributions would not increase from 2022/23 to 2023/24 and will remain £1.35 million with the deficit financed from the brought forward credit charge of £2.96 million. The total budget for 2026/27 is £3.6 million which is an increase of £0.8 million from 2025/26.

Performance against budget is reported to the Cabinet on a quarterly basis via the performance reports. These reports cover service performance and progress against delivering infrastructure projects as well as performance against budget.

They are sufficiently detailed to allow Cabinet members to effectively scrutinise the performance of the PMO against budget. They broadly follow the same reporting format as the income and expenditure statement in the annual accounts and therefore there is consistency between internal and external reporting.

We were satisfied that the quality of reporting information provided to key decision makers is sufficient for effective decision making.

Longer-term financial planning

The Cabinet budget is set annually and there is not a formal long-term financial plan, given the size and complexity of the Cabinet. The fact that the PMO is funded from member contributions provides security over future funding.

The PMO also has a carried forward cumulative surplus of £2.96 million from the prior years and a carried forward cumulative surplus of £3.93 million from the current year. This provides headroom for additional expenditure should it materialise going forward.

In 2026/27 members will contribute £1.35 million which is at the same level as in 2025/26. Any further costs would be funded from carry forward balances.

Our overall assessment: Green

- The Cabinet reported a cumulative surplus of £3.93 million to be carried forward to 2026/27 (2024/25: £2.96 million cumulative surplus carried forward to 2025/26). We were satisfied that the Cabinet's financial monitoring and reporting was clear and consistent throughout the year.
- The Cabinet's budget is balanced each year, with expenditure projected and funding used to offset it. This was £2.8 million in the 2025/26 budget and is £3.6 million in 2026/27 which is an increase of £0.8 million from 2025/26.
- The Cabinet has established budget monitoring arrangements. Performance against budget is reported to the Joint committee on a quarterly basis. We are satisfied that the core financial management arrangements were not materially impacted by any external pressures, with clear financial reporting continuing throughout the year.

Vision, Leadership and Governance

This considers the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

The Annual Governance Statement demonstrates that it has the key requirements for good governance in place

The key aspects of governance arrangements are required to be disclosed in the Annual Governance Statement within the financial statements. We reviewed the governance statement against the requirements in accordance with Delivering Good Governance in Local Government: Framework (2016).

This includes the requirements to conclude on the Cabinet's compliance with Local Authority Accounts (Scotland) Regulations 2014, or to explain any areas of non-compliance. Our consideration of the governance statement has included:

- Ensuring that the Cabinet has met all requirements of the CIPFA Code; and
- Ensuring that the content of the statement is consistent with our understanding of the Cabinet's governance arrangements and any issues identified during the year.

We were satisfied that it was consistent with both the governance framework, key findings from relevant audit activity and management's assessment of its own compliance with the CIPFA Code.

Internal audit activity in the year

Internal audit's opinion for the year was based on its agreed audit plan, as approved by the Cabinet. Internal audit services are provided by Internal audit of Glasgow City Council and all planned assignments were completed during the year. The Internal auditor issued reports in the year in relation to:

- Fair Work First Compliance
- Clyde Mission Heat Decarbonisation Fund Governance Arrangements Phase 1

There were no issues reported by the internal audit in respect of the Cabinet.

The Cabinet disclosed within the Annual Governance Statement that no significant governance issues have been reported by the Internal Auditor.

Within the Annual Governance Statement, the Cabinet has concluded that they have obtained assurance that the system of internal control was operating effectively during the year with no exceptions or issues identified.

Through our audit of the financial statements, we consider the design and implementation of key controls related to areas of significant risk to the financial statements. This work has included documenting the key internal financial controls and performing walkthroughs to ensure controls are implemented as designed.

We undertook an initial assessment of the financial control environment as part of our planning work in March 2026 and updated our understanding as part of the year-end audit. Our work did not identify any significant weaknesses in the Cabinet's systems of internal control. On this basis we consider the system of internal controls to be effective.

The Cabinet's IT environment is supported by Glasgow City Council which is the administering body responsible for the Joint Committee. A number of control environment matters have historically been reported through the Glasgow City Council audit, however given the simple nature of the Cabinet's financial statements and the processes required to input into these, we do not consider it likely that these would have a material impact on the preparation of the Cabinet's financial statements.

Our overall assessment: Green

- The core elements of good governance are in place at the Cabinet and have been operating effectively throughout the year, and are reflected in the Annual Governance Statement within the financial statements.
- All planned internal audit assignments were completed in 2025/26 with no high priority findings identified which require urgent attention from management. Internal audit concluded that adequate and effective governance arrangements were in place during the year.

Appendices

A Code of audit practice: Responsibilities

Audited body responsibilities

Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives. The features of proper financial stewardship include the following:

Corporate governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial statements and related reports

Audited bodies must prepare annual accounts comprising financial statements and other related reports. They have responsibility for:

- Preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- Maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their accounts and related reports disclosures.
- Ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- Preparing and publishing, along with their financial statements, related reports such as an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements.
- Ensuring that the management commentary (or equivalent) is fair, balanced and understandable.

It is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct for prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Internal audit

Public sector bodies are required to establish an internal audit function as a support to management in maintaining effective systems of control and performance. With the exception of less complex public bodies the internal audit programme of work is expected to comply with the Public Sector Internal Audit Standards.

Internal audit and external audit have differing roles and responsibilities. External auditors may seek to rely on the work of internal audit as appropriate.

A Code of audit practice: Responsibilities continued

Maintaining a sound financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- Such financial monitoring and reporting arrangements as may be specified.
- Compliance with any statutory financial requirements and achievement of financial targets.
- Balances and reserves, including strategies about levels and their future use.
- How they plan to deal with uncertainty in the medium and longer term.
- The impact of reporting future policies and foreseeable developments on their financial position.

Responsibilities for best value, community reporting and performance

Local government bodies have a duty to make arrangements to secure best value. best value is defined as continuous improvement in the performance of the body's functions. In securing best value, the local government body is required to maintain an appropriate balance among:

- The quality of its performance of its functions.
- The cost to the body of that performance.
- The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.

In maintaining that balance, the local government body shall have regard to:

- Efficiency.
- Effectiveness.
- Economy.
- The need to meet the equal opportunity requirements.

The local government body shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.

In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.

The Scottish Government's Statutory Guidance on best value (2020) requires bodies to demonstrate that they are delivering best value in respect of seven themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.

A Code of audit practice: Responsibilities continued

Appointed auditors’ responsibilities

Appointed auditors’ statutory duties for local government bodies are contained within Part VII of the Local Government (Scotland) Act 1973, as amended.

These are to audit the accounts and place a certificate (i.e., an independent auditor’s report) on the accounts stating that the audit has been conducted in accordance with Part VII of the Act.

Satisfy themselves, by examination of the accounts and otherwise, that:

- The accounts have been prepared in accordance with all applicable statutory requirements.
- Proper accounting practices have been observed in the preparation of the accounts.
- The body has made proper arrangements for securing best value and is complying with its community reporting duties.

Hear any objection to the financial statements lodged by an interested person.

Appointed auditors should also be familiar with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973, including those relating to the audit of the accounts of a local government body.

B Independence report

Introduction

The FRC Ethical Standard and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in January 2024, requires that we communicate formally both at the reporting stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

During the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY charged for the provision of services during the period, analysed in appropriate categories, are disclosed.

Required communications

Planning Stage

- The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your directors and us.
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review.
- The overall assessment of threats and safeguards.
- Information about the general policies and process within EY to maintain objectivity and independence.

Final Stage

To allow you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed.

Details of non-audit/additional services provided, and the fees charged in relation thereto.

Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us.

Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence.

Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy.

An opportunity to discuss auditor independence issues.

We confirm that we have undertaken client and engagement continuance procedures, including our assessment of our independence to act as your external auditor. We have identified no relationships that impact the audit of the Joint Committee.

C

Required communications

We have detailed below the communications that we must provide to the Cabinet.

Required communications	What is reported?	Our reporting to you When and where
Terms of engagement	Confirmation by the Joint Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter (December 2022) – audit to be undertaken in accordance with the Code of Audit Practice.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Annual Audit Plan – March 2026
Reporting and audit approach	Communication of the reporting scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Annual Audit Plan – March 2026
Significant findings from the audit	▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures. ▪ Significant difficulties, if any, encountered during the audit. ▪ Significant matters, if any, arising from the audit that were discussed with management. ▪ Written representations that we are seeking. ▪ Expected modifications to the audit report. ▪ Other matters if any, significant to the oversight of the financial reporting process. ▪ Findings and issues regarding the opening balance on initial audits.	This Annual Audit Report – August 2026.
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▪ Whether the events or conditions constitute a material uncertainty ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The adequacy of related disclosures in the financial statements.	This Annual Audit Report – August 2026.

C Required communications (cont.)

Our reporting to you

Required communications	What is reported?	When and where
Misstatements	▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation. ▪ The effect of uncorrected misstatements related to prior periods. ▪ A request that any uncorrected misstatement be corrected. ▪ Corrected misstatements that are significant. ▪ Material misstatements corrected by management.	This Annual Audit Report – August 2026.
Fraud	▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist. ▪ A discussion of any other matters related to fraud.	This Annual Audit Report – August 2026.
Internal controls	Significant deficiencies in internal controls identified during the audit.	This Annual Audit Report – August 2026.
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity	This Annual Audit Report – August 2026.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence	Annual Audit Plan and this Annual Audit Report.

C Required communications (cont.)

Required communications	What is reported?	Our reporting to you When and where
External confirmations	▪ Management's refusal for us to request confirmations. ▪ Inability to obtain relevant and reliable audit evidence from other procedures.	This Annual Audit Report – August 2026.
Representations	Written representations we are requesting from management and/or those charged with governance.	This Annual Audit Report – August 2026.
Consideration of laws and regulations	▪ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off. ▪ Enquiry of the Joint Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Committee may be aware of.	This Annual Audit Report – August 2026.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	This Annual Audit Report – August 2026.
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	This Annual Audit Report – August 2026.
Best value and wider scope judgements and conclusions	Our reporting will include a clear narrative that explains what we found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider-scope audit.	This Annual Audit Report – August 2026.
Key audit matters	The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.	This Annual Audit Report – August 2026.

EY

D Timeline of communication and deliverables

2026

Month	Audit activity	Deliverable	Timing
January	Risk assessment for Financial Statements and wider scope audit dimensions		
February		Annual Audit Plan	17 March 2026
March	Walkthrough of key systems and processes	Submission of quarterly fraud return	
April			
May		Submission of quarterly fraud return	
June	Update meeting with Finance Team		
July	Year end audit fieldwork		
August	Audit completion procedures	Annual Audit Report Submission of quarterly fraud return	18 August 2026
September			

E Action Plan

We include an action plan to summarise specific recommendations included elsewhere within this Annual Audit Report. We grade these findings according to our consideration of their priority for the Council or management to action.

Classification of recommendations		
Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

We note that there are no open recommendations to be considered as part of our procedures and no new recommendations identified.

F Adjusted and unadjusted audit differences

This appendix sets out the adjustments that were processed as part of finalisation of the financial statements.

During the course of the audit, we have identified [two] misstatements greater than £3,000 to date which have not been correct by management.

Summary of adjusted differences – 2025/26

		Balance Sheet Debit/(Credit)				CIES Debit/(Credit)		Reserves
		NCA	CA	NCL	CL	OCI	Surplus/ Deficit	
No.	Description	£	£	£	£	£	£	£
1	Accrual of audit fee (note 1)				(11,230)		11,230	
2	Over accrual of income		(6,045)				6,000	
Total			(6,045)		(11,230)		17,230	

Note 1:

It is noted that upon agreement of fee variation as discussed on page 34, the audit fee accrual will be required to increase further to match increase in dee.

Key	Description	Key	Description
NCA	Non-Current Assets	NCL	Non-Current Liabilities
CA	Current Assets	CL	Current Liabilities
OCI	Other comprehensive income/expenditure		

G Audit Fees

2025/26 Fees

The Joint Committee's audit fee is determined in line with Audit Scotland's fee setting arrangements. Audit Scotland will notify auditors about the expected fees each year following submission of Audit Scotland's budget to the Scottish Commission for Public Audit, normally in December. The remuneration rate used to calculate fees is increased annually based on Audit Scotland's scale uplift.

	2025/26	2024/25
Component of fee:		
• Auditor remuneration – expected fee	£24,410	£23,520
• Additional audit procedures (see Note 1)	£TBD	£5,071
Audit Scotland fixed charges:		
• Performance audit and best value	-	-
• Audit support costs	£840	£590
Sectoral price cap	(£14,020)	(£13,350)
Total fee	£TBD	£15,831

The expected fee for auditor remuneration is based on a risk assessment of publicly available information from the 2021 tender exercise, submitted in November 2021. It assumes that the Council has well-functioning controls, an effective internal audit service, and an average risk profile for its sector across a range of areas for consideration, including financial, operational and governance risks. Throughout the course of their work, auditors may identify new, developing or otherwise enhanced areas of risk that require to be addressed to deliver an audit to the quality standards expected, and in line with the requirements of the Code of Practice.

Note 1

Through the 2025/26 audit cycle we have discussed with management areas of the audit which required additional work beyond that usually anticipated for the Cabinet annual audit process. These areas related to additional procedures relating to the significant grant received within the year. For these areas we have communicated the fee variation noted in the table above separately with management and Audit Scotland, based on the additional time required at the Audit Scotland day rates per our appointment through the 2021 tender process.

H Additional audit information

Introduction

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities under auditing standards

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cabinet's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Read other information contained in the financial statements, the Joint Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.
- communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

Purpose and evaluation of materiality

- For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.
- Materiality determines the locations at which we conduct audit procedures, and the level of work performed on individual account balances and financial statement disclosures.
- The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit, we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

H Additional audit information (cont.)

Audit Quality Framework/Annual Audit Quality Report

- Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.
- We support reporting on audit quality by proving additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: Quality of public audit in Scotland: Annual report 2025/26 | Audit Scotland
- EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: https://www.ey.com/en_uk/about-us/transparency-report

This report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland through which the Accounts Commission has appointed us as external auditor of Glasgow City Region City Deal Cabinet Joint Committee for financial years 2022/23 to 2026/27.

This report is for the benefit of the Cabinet and is made available to the Accounts Commission and Audit Scotland (together “the Recipients”).

This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Anna Anthony, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you.

Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

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