

County Buildings
Wellington Square
AYR KA7 1DR
Telephone No. 01292 612102



26 November 2025

To: Councillors Dettbarn (Chair), Bell, Hogg, McGinley, Pollock, Ramsay and Weir.

All other Elected Members for information only.

Dear Councillors

AUDIT AND GOVERNANCE PANEL

You are requested to participate in the above Panel to be held on **Wednesday, 3 December 2025 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held in the County Hall County Buildings, Ayr on a hybrid basis for Elected Members, will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Declarations of Interest.
2. Call-ins from Cabinet.
3. Minutes of previous meeting of 5 November 2025 (copy herewith).
4. Action Log and Work Programme (copy herewith).

Internal Audit Reports

5. Audit and Governance Panel – 2025 Annual Self-Assessment Outcome – Submit Report by the Chief Governance Officer and Chief Financial Officer (copy herewith).
6. Corporate Fraud Team – Six-Monthly Activity Report and National Fraud Initiative Update – Submit Report by Chief Internal Officer (copy herewith).

Other Governance Reports

7. Accounts Commission - Improving Care Experience: Delivering The Promise – Submit Report by the Director of Health and Social Care (copy herewith).
8. Accounts Commission - Senior Officer Exit Packages – Submit Report by the Chief Financial Officer (copy herewith).
9. Treasury Management and Investment Strategy Mid-Year Report 2025/26 – Submit Report by the Chief Financial Officer (copy herewith).
10. **Final Investigation Report – Submit Report by the Chief Executive (copy herewith – Members only).**

For more information on any of the items on this agenda, please telephone June Chapman,
Committee Services on 01292 272015, Wellington Square, Ayr or
e-mail: committeeservices@south-ayrshire.gov.uk
www.south-ayrshire.gov.uk

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AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 5 November 2025 at 10.00 a.m.

Present in
County Hall: Councillors Julie Dettbarn (Chair), Alan Lamont, Brian McGinley, Bob Pollock and George Weir.

Present
Remotely: Councillor Ramsay.

Apologies: Councillors Kenneth Bell and Mary Kilpatrick.

Attending in
County Hall: C. Sneddon, Chief Executive; M. Inglis, Head of Children's, Health, Care and Justice Service; K. Anderson, Assistant Director – Corporate Policy, Strategy and Performance; C. McGhee, Chief Internal Auditor; W. Carlaw, Service Lead - Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; W. Wesson, Chief H.R Officer; B. Sanderson, Service Lead - Human Resources; J. Chapman, Committee Services Officer; and E. Moore, Clerical Assistant.

Attending
Remotely: L. Reid, Assistant Director – Transformation; L. Duncan, Chief Finance Officer; G. McNally, Audit Scotland.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting;
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

Variation in Order of Business

In terms of Standing Order No. 13.3, the Panel agreed to vary the order of business in that item 8 is heard before item 7.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

In the interest of transparency Councillors Dettbarn, Lamont and Ramsay all advised they had a connection with the IJB in respect of Agenda Item no 5 but did not have an interest to declare.

2. **Call-ins from Cabinet.**

The Panel noted that there were no call-ins from Cabinet of 28 October 2025.

3. **Minutes of Previous Meeting.**

The Minutes of the meetings of 24 September 2025 (issued) and 1 October 2025 (issued) were submitted and approved.

4. **Action Log and Work Programme.**

There was submitted an update of the Action Log and Work Programme for this Panel (issued).

The Service Lead Corporate Accounting advised there was one outstanding action on the Action Log which had now been completed.

The Panel

Decided: to note the current status of the Action Log and Work Programme.

5. **South Ayrshire IJB External Audit Report 2024-25.**

There was submitted a report (issued) of 24 October 2025 by the Director of Health and Social Care Partnership presenting Audit Scotland's Annual Audit Report on South Ayrshire IJB's Annual Accounts for the period 2024-25.

There was a discussion relating to the financial stresses of the IJB given the newly released information on the NHS and on delayed discharges.

A discussion took place in relation to how the £6 million gap would be managed and how ring-fenced reserves would be used for transformation projects and to make savings. It was noted that there were short-term and medium-term plans in place which had been presented to the IJB and work on innovation continued to provide a more efficient service.

A Member of the Panel commented on the table contained on Page 21, Exhibit 5.

A Member of the Panel commented that it was a positive Report and in particular around the improvements in performance which had been made.

The Panel, having considered the Annual Audit report of South Ayrshire IJB for period 2024-25

Decided:

(1) to note the contents of the Annual Audit report for 2024-25.

6. **Audit Scotland: Delivering for the Future : Responding to the workforce challenge**

There was submitted a report (issued) of 27 October by the Chief Executive advising Members of the recent publication of Audit Scotland's 'Delivering for the future: Responding to the workforce challenge' report, attached as Appendix 1.

A Member of the Panel enquired as to what was being done in respect of the issue of an ageing workforce. The Chief HR Officer stated that a flexible retirement policy had been introduced for older employees who were potentially looking to retire.

A Member of the Panel asked how the Council was attracting young people to the workforce. The Chief HR Officer advised that there was the possibility of creating training positions to attract younger people into the organisation, modern apprenticeships and that Thriving Communities were working on various pathways to attract younger people to the organisation.

A Member of the Panel enquired as to what steps were being taken to reduce staff illness issues. The Chief HR Officer advised that there was a new occupational health service through PAM, an employee assistance programme that employees can self-refer to and that there were risk assessment programmes in place.

A discussion took place as to what was being done nationally to address recruitment issues and the negative press pertaining to Local Authorities and it was noted that there was a very successful campaign run by COSLA which highlighted the very diverse range of careers that young people can pursue within the Local Government.

The Chief HR Officer provided Members with information in relation to the Work Force Plan and Digital Skills Strategy.

A Member of the Panel asked that the impact on productivity due to flexible working could be looked at. The Chief HR Officer advised that this could be done.

A Member of the Panel asked about the retention rate for young apprentices after they had qualified and whether the Council kept in touch. The Chief HR Officer stated that she would take this to the Thriving Communities Team as they would have the requested data and advised it was possible for a previous young apprentice to come back and gave an example of this.

A Member of the Panel queried if the attendance of Council workers in Girvan had increased due to the brand-new working facilities. The HR Officer advised that this could be monitored and included in the annual September absence report.

A discussion took place in relation to data gathering and it was noted that the implementation of Oracle Fusion now gave a more effective reporting function providing much more accurate data which is shared with services to make comparisons.

The Panel

Decided: to consider the key messages in the report and feedback any comments to officers.

7. **Internal Audit Plan 2025/26 – Midyear review**

There was submitted a report (issued) of 22 October 2025 by the Chief Internal Auditor seek approval for a revision to the 2025/26 Internal Audit plan.

Clarification was sought and given in relation to the Risk Management process currently in place and whether the Chief Internal Audit Officer was adequately resourced.

A Member of the Panel asked how the Chief Internal Auditor presented the work of external auditors to the leadership team. The Chief Internal Auditor advised that they receive Audit Scotland's reports and consider any recommendations that they have but it is the Officers responsibility to take the stated recommendation forward.

A Member of the panel queried whether the proposed reduction of audit days to reduce overheads would impact on services. The Chief Internal Auditor stated that there would be an impact on services if any major work was asked to be done but that there was contingency time allocated for services to ask for advice and guidance and provided examples of this.

Decided:

- (1) to approve the revised 2025/26 Internal Audit plan.

8. Internal Audit – Progress Report to 30 September 2025

There was submitted a report (issued) of 22 October 2025 by the Chief Internal Auditor advising Members of progress of the 2024/25 and 2025/26 internal audit plans and Directorate's progress against implementation of internal audit action plans.

Following comments from Members of the Panel, The Panel

Decided: to consider the content of this report

9. Accounts Commission Annual Report 2024/25

There was submitted a report (issued) of 15 October 2025 by the Chief Financial Officer advising the Panel of the Accounts Commission Annual Report 2024/25.

The Panel

Decided: to consider the findings outlined in the Accounts Commission Annual Report 2024/25 (attached as Appendix 1).

The meeting ended at 11:30am.

Audit and Governance Panel

Agenda Item No. 4.

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1	5/11/25	6. <u>Audit Scotland: Delivering for the Future</u>	Member of the Panel queried the retention rate of young apprentices after they are qualified.	The Chief HR Officer	Information provided as below: -	YES

MA Retention Rate

Year	Total Starts	Early Leaver	Total Completed	%Progressing to Internal Placement Upon Completion	% Progressing to External Placement Upon Completion	%Still in Internal Placement within 12 Months	%Still in External Placement within 12 Months
2024/25	44	4	45	82%	7%	82%	7%
2023/24	49	3	54	39%	18%	31%	13%
2022/23	61	11	55	35%	20%	33%	20%

Note - these figures take into account the Craft Trade MA's ending within each individual year, as the Craft MA programme is over four years.

Audit and Governance Panel

Work Programme 2025

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
1.	Audit and Governance Panel – 2025 Annual Self-Assessment Outcome	Report to Panel	Chief Financial Officer/ Chief Governance Officer	December 2025 (Annually)	Report to this panel
2.	Corporate Fraud Team – Activity Report Update	Report to Panel	Chief Internal Auditor	December 2025 (Biannually)	Report to this panel
3.	Accounts Commission – Senior Officer Exit Packages	Report to Panel	Chief Financial Officer	December 2025	Report to this panel
4.	Accounts Commission – Improving Care Experience: Delivering the Promise	Report to Panel	Director of Health and Social Care	December 2025	Report to this panel

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
5.	Treasury Management and Investment Strategy Mid-Year Report 2025/26	Report to Panel	Chief Financial Officer	December 2025 (Quarterly)	Report to this panel
6.	External Audit Reports – Progress to 31 December 2025	Report to Panel	Chief Financial Officer	January 2026 (Quarterly)	Not yet started
7.	Internal Audit – Progress Report Quarter 3	Report to Panel	Chief Internal Auditor	February 2026 (Quarterly)	Not yet started
8.	Best Value Action Plan – Progress Update	Report to Panel	Asst. Director – Corporate Policy, Strategy and Performance	February 2026 (Biannually)	Not yet started
9.	Treasury Management and Investment Strategy Quarter 3 Report 2025/26	Report to Panel	Chief Financial Officer	February 2026 (Quarterly)	Not yet started
10.	Proposed Internal Audit Plan 2026/27	Report to Panel	Chief Internal Auditor	March 2026 (Annually)	Not yet started
11.	Annual Audit Plan 2026/27	Report to Panel	Chief Financial Officer	March 2026 (Annually)	Not yet started
12.	Strategic Risk Management	Report to Panel	Chief Governance Officer	March 2026 (Biannually)	Not yet started
13.	External Audit Reports – Progress to 31 March 2026	Report to Panel	Chief Financial Officer	May 2026 (Quarterly)	Not yet started
14.	Audit and Governance Panel – 2025/26 Annual Report	Report to Panel	Chief Financial Officer/ Chief Governance Officer	3 June 2026 (Annually)	Not yet started

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
15.	Best Value Action Plan – Progress Update	Report to this Panel	Asst. Director – Corporate Policy, Strategy and Performance	3 June 2026 (Biannually)	Not yet started
16.	Draft Annual Accounts 2025/26	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Not yet started
17.	Delivering Good Governance – 2025/26 Assessment	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	24 June 2026 (Annually)	Not yet started
18.	Internal Audit Annual Report 2025/26	Report to Panel	Chief Internal Auditor	24 June 2026 (Annually)	Not yet started
19.	Treasury Management Annual Report 2025/26	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Not yet started
20.	Internal Audit – Progress Report Quarter 1	Report to Panel	Chief Internal Auditor	2 September 2026 (Quarterly)	Not yet started
21.	Strategic Risk Management	Report to Panel	Chief Governance Officer	2 September 2026 (Biannually)	Not yet started
22.	Corporate Lets	Report to Panel	Director of Communities and Transformation	2 September 2026 (Annually)	Not yet started
23.	Treasury Management and Investment Strategy Quarter 1 Report 2026/27	Report to Panel	Chief Financial Officer	2 September 2026 (Quarterly)	Not yet started

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
24.	Final Report on the 2025/26 Audit	Report to Panel	Chief Financial Officer	30 September 2026 (Annually)	Not yet started
25.	South Ayrshire IJB External Annual Audit Report 2025-26	Report to Panel	Director of Health & Social Care	November 2026 (Annually)	Not yet started
26.	Internal Audit – Progress Report Quarter 2	Report to Panel	Chief Internal Auditor	November 2026 (Quarterly)	Not yet started
27.	Internal Audit Plan 2026/27 – Mid-year review	Report to Panel	Chief Internal Auditor	November 2026 (Annually)	Not yet started
28.	Accounts Commission - Annual Report	Report to Panel	Chief Finance Officer	November 2026 (Annually)	Not yet started

South Ayrshire Council

**Joint Report by Chief Financial Officer
and Chief Governance Officer
to Audit and Governance Panel
of 3 December 2025**

Subject: Audit and Governance Panel – 2025 Annual Self-Assessment Outcome

1. Purpose

- 1.1 The purpose of this report is to confirm the outcome of the Audit and Governance Panel Self-Assessment for 2025, which was undertaken on 30 September 2025; and to seek agreement of the resulting updated action plan.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 notes the outcome of the 2025 self-assessment, as set out in 4.1 to 4.6 below and related completed checklist in Appendix 1; and

2.1.2 approves the updated action plan for improvements per Appendix 3.

3. Background

- 3.1 At its meeting on 26 June 2025, the Council approved the Audit and Governance Panel (AGP) Annual Report for 2024/25 (following scrutiny by the AGP on 4 June 2025).

- 3.2 For 2025, officers again identified the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition', with particular reference to the 'Self-Assessment of Good Practice – Checklist' provided within that document, as being an appropriate mechanism for this year's self-assessment process.

- 3.3 As per the previous self-assessment, Panel members undertook the process in an informal, workshop style session, rather than within a formal Panel meeting format, being aware that the Chief Governance Officer and the Chief Financial Officer would provide a joint formal report to the AGP on the considerations and outcomes from the session.

- 3.4 In advance of the self-assessment discussion Members of the Panel were issued with the CIPFA documentation and checklist to aid the informal discussion on the day of the assessment. It was considered that this approach would allow a better opportunity for members to think through and respond to the range of questions in the Checklist.

3.5 The assessment took place on 30 September 2025 with five of the eight AGP members attending, along with support from the Chief Financial Officer, the Chief Internal Auditor and the Service Lead - Democratic Governance.

4. Detail

4.1 The self-assessment checklist, attached as Appendix 1, has been prepared following the discussions at the self-assessment session held on 30 September 2025 and collectively represent the views of all Members of the AGP.

4.2 The checklist contains 29 high level questions with several sub questions contained therein. For each question in the checklist a five-point weighted score of between zero and five is available for selection, with zero being: Major Improvement required and five being: No Further Improvement required. There are a total of 40 questions and sub questions, meaning that a maximum score of 200 is possible.

4.3 Appendix 1 indicates that an assessed overall score of 196 has been achieved for 2025.

4.4 In general terms, the outcome of the self-assessment 2025, as evidenced by the score of 196 out of 200, is an improvement in the effectiveness of the Panel, since the 2024 assessment, in undertaking its role and discharging its functions within the Council's decision-making arrangements in most respects. Appendix 2 provides a brief commentary for each question, drawn from the discussions on the day.

4.5 Notwithstanding the considered overall general effectiveness of the Panel, a small number of important matters were raised relative to which actions for improvement are required, and these are captured in the updated action plan provided at Appendix 3.

4.6 It is recommended that the AGP agrees the updated action plan for improvements per Appendix 3.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2/

8.2 **Risk Implications of Rejecting the Recommendations**

- 8.2.1 Rejecting the recommendations may result in missed opportunities for strengthening the role of the AGP in providing an independent and high-level resource to support good governance and strong public financial management as laid out in CIPFA's 'Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition'

9. **Integrated Impact Assessment (incorporating Equalities)**

- 9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. **Sustainable Development Implications**

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. **Options Appraisal**

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. **Link to Council Plan**

- 12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. **Link to Shaping Our Future Council** Yes No

- 13.1 Not applicable.

14. **Results of Consultation**

- 14.1 There has been no public consultation on the contents of this report.
- 14.2 Consultation has taken place with Councillor Ian Davis, Policy Lead for Finance and Corporate Services, and the contents of this report reflect any feedback provided.

Background Papers CIPFA document - **Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition and Self-Assessment of Good Practice – Checklist**

Report to Audit and Governance Panel of 4 June 2025 – [Audit and Governance Panel – 2024/25 Annual Report](#)

Report to South Ayrshire Council of 26 June 2025 – [Audit and Governance Panel – 2024/25 Annual Report](#)

Person to Contact Tim Baulk, Chief Financial Officer
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612620
E-mail tim.baulk@south-ayrshire.gov.uk

**Catriona Caves, Chief Governance Officer
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612556
E-mail catriona.caves@south-ayrshire.gov.uk**

Date: 21 November 2025

APPENDIX E

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Fully complies
	Partially complies and extent of improvement needed					
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:						
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 						
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 						
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 						
Functions of the committee						
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?						
Governance arrangements						
Risk management arrangements						
Internal control arrangements, including:						
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 						
Annual governance statement						
Financial reporting						
Assurance framework						
Internal audit						
External audit						
10 Over the last year, has adequate consideration been given to all core areas?						
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?						
12 Has the committee met privately with the external auditors and head of internal audit in the last year?						

Good practice questions	Partially complies and extent of improvement needed				Fully complies
	Does not comply	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?					
26 Do audit committee recommendations have traction with those in leadership roles?					
27 Has the committee evaluated whether and how it is adding value to the organisation?					
28 Does the committee have an action plan to improve any areas of weakness?					
29 Has this assessment been undertaken collaboratively with the audit committee members?					
Subtotal score					
Total score					
Maximum possible score					200**

** 40 questions/sub-questions multiplied by five.

Checklist Commentary and Link to Action Plan

Question	Score	Comment	Previous score
1	5	Unchanged from prior year - It is considered that AGP effectively fulfils its role within the Council's overall decision-making arrangements based on the Terms of Reference as set out in the Scheme of Delegation which provides for the Panel to have a wider role than just that of an audit committee. These arrangements continue to work well and accordingly, notwithstanding the nature of the question, it is considered that no further improvement is required on this point.	5
2	5	Unchanged from prior year – An Annual Report on the activities of the AGP is considered and approved by AGP and then remitted to Council for consideration.	5
3	5	Unchanged from prior year - Decision making powers are limited and strictly as provided for within the Terms of Reference. Regarding service-related matters that come before the Panel, it is the role of APG to review and make recommendations to the appropriate decision-making authority within the Council.	5
4	5	Unchanged from prior year - The purpose of an audit committee as set out in the CIPFA Position Statement is reflected within the AGP Terms of Reference in respect of its audit committee functions.	5
5	5	Unchanged from prior year - It is considered that there is a good understanding of the role of the Committee by those charged with governance and in leadership roles, which is a result of training received and experience gained as members of the Panel.	5
6	5	Unchanged from prior year - It is considered that suitable mechanisms are provided for within the Council's decision-making arrangements and within the protocols for the operation of AGP to ensure that any issues or concerns identified by Panel are promptly taken forward.	5
7	5	Unchanged from prior year – An Annual Report on the activities of the AGP is considered and approved by AGP on an annual basis and then remitted to Council for consideration.	5
8 (i), (ii), (iii)	5(x3)	Unchanged from prior year – An Annual Report on the activities of the AGP is considered and approved by AGP and then remitted to Council for consideration. The report includes relevant evaluation information and areas for development identified in the self-assessment reporting and includes compliance information.	5(x3)
9 (i) to (viii)	5(x8)	Unchanged from prior year - All the areas are included within the AGP's Terms of Reference.	5(x8)
10	5	Unchanged from prior year - All core areas covered as evidenced by the range of business dealt with by AGP during the course of the year.	5
11	5	Unchanged from prior year - The Scheme of Delegation provides for the Panel to have a wider role than just that of an audit committee. The wider areas specified within CIPFA guidance relate to Treasury and Corporate Improvement (Best Value) - AGP receives reports on these matters on a regular basis. These wider scope arrangements continue to work well and accordingly, notwithstanding the nature of the question, it is considered that no further improvement is required on this point.	5
12	5	Improvement from prior year – The Chair and vice chair meet privately on an annual informal basis with external auditors and meet regularly	3

Question	Score	Comment	Previous score
		with the Chief Internal Auditor prior to each scheduled Panel date. During 2025 the CFO engaged with Audit Scotland to seek to widen private discussions beyond the Chair and Vice Chair to all AGP members. This was agreed with an informal meeting taking place in September 2025 with all members of the panel invited to attend. This meeting will now be embedded in future annual work cycles of the panel.	
13 (i)	5	Unchanged from prior year - This is evidenced through the Panel's Terms of Reference within the wider Scheme of Delegation	5
13 (ii)	5	Unchanged from prior year - The size of the Panel is commensurate with its role and the wider requirements and responsibilities placed on Elected Members generally in populating Cabinet and other Panels to ensure effective decision making within the Council.	5
13 (iii)	5	Unchanged from prior year - It is not considered that such appointments would have the potential to significantly enhance the effectiveness of the Panel at this time therefore no further improvement required.	5
14	5	Unchanged from prior year - It is considered that the current membership of the Panel is commensurate with the wider requirements and responsibilities placed on Elected Members generally in populating Cabinet and other Panels to ensure effective decision making within the Council.	5
15	3	Unchanged from prior year - An assessment of training needs was undertaken as part of the induction process following the Local Government elections in May 2022. Further training has taken place in the intervening period on a range of topics. It is recognised that skills and knowledge of Panel members will continue to develop going forward through further experience and training, as required. An assessment should be undertaken annually to ensure appropriate training needs are addressed. Action Plan – Action 1	3
16	3	Unchanged from prior year - Training has taken place over the past three years on a range of topics. It is recognised that skills and knowledge of Panel members will continue to develop going forward through further experience. A training needs assessment should be undertaken annually to ensure appropriate requirements are addressed Action Plan – Action 1	3
17	5	Unchanged from prior year - It is considered that the Panel is currently undertaking its role effectively on the basis of the knowledge and experience of Panel members.	5
18	5	Unchanged from prior year - Appropriate support is provided by the Committee Services team within the Democratic Services function.	5
19	5	Unchanged from prior year - Good working relationships are in place with key staff and organisations such as external audit, as evidenced by the range of business dealt with by the Panel and the nature of engagement.	5
20	5	Unchanged from prior year – Feedback from Elected Members and officers of the Council is now sought at the end of each financial year and the results are included in the annual report to Council in June each year.	5
21	5	Unchanged from prior year - It is considered that meetings are well chaired.	5

Question	Score	Comment	Previous score
22	5	Unchanged from prior year – Following discussions at the 2023 Self - assessment session all members of the panel were encouraged to provide a greater contribution to scrutiny meetings. It is considered that this has improved and there is now a good level of discussion and engagement on agenda items.	5
23	5	Unchanged from prior year - Recognising that the Panel operates within a political environment, it is considered that the approach and discussions remain non-political.	5
24	5	Unchanged from prior year - Engagement is evidenced by the reports dealt with by the Panel at meetings provided by the Chief Auditor and the External Auditor, and active participation in discussions at meetings by the appropriate responsible officers.	5
25	5	Unchanged from prior year - Evidenced by Panel’s consideration of reports relative to governance, risk and control arrangement, which feature within the workplan. Panel make recommendations for improvements when needed.	5
26	5	Unchanged from prior year - The nature of relationships and engagement between the Panel and those key officers concerned with audit committee functions ensure that any recommendations which may arise are implemented. All arising actions are monitored and compliance is reported back to Panel at various points during the workplan cycle.	5
27	5	Improvement from prior year –The introduction of the Cipfa self-assessment checklist approach in 2023 is now embedded in the work of the Audit and Governance Panel and allows the effectiveness of the Panel to be more readily measured and improvements identified, implemented and monitored.	3
28	5	Unchanged from prior year - The self-assessment process introduced in 2023 includes an action plan for any improvements identified and an evaluation of the outcome of the annual self-assessment continues to be included in the Annual Report to Council each June.	5
29	5	Unchanged from prior year - This self-assessment was undertaken by members of the Audit and Governance Panel which has responsibility for audit committee functions along with support from the Chief Financial Officer, the Service Lead- Democratic services and the Chief Internal Auditor.	5
Total Score	196		192

South Ayrshire Council

**Report by Internal Audit Corporate Fraud Team
to Audit and Governance Panel
of 3 December 2025**

**Subject: Corporate Fraud Team – Six Monthly Activity Report
and National Fraud Initiative update**

1. Purpose

- 1.1 The purpose of this report is to advise the Audit and Governance Panel of the Corporate Fraud Team (CFT) activity from 1 April 2025 to 30 September 2025 and to advise of the progress of the 2024/25 National Fraud Initiative (NFI) to 30 September 2025.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 Notes the CFT activity for the six-month period to 30 September 2025.

2.1.2 Notes the update on the 2024/25 NFI exercise which will continue to be included within future CFT activity reports until the exercise concludes.

3. Background

- 3.1 Update reports on the work of the CFT are submitted to the Audit and Governance Panel (AGP) six monthly. The last report was submitted to Panel on 4 June 2025 and covered the year 1 April 2024 to 31 March 2025. This report covers the CFT activity for the six-month period to 30 September 2025 and the status of the NFI exercise as at 30 September 2025.

- 3.2 The primary scope of CFT work involves dealing with referrals of fraud received through the online reporting portal or from other Council services and, from completing pro-active exercises around Council Tax, Business Rates, Housing Tenancy and debt, Scottish Welfare Fund, and Blue Badges. The CFT also investigate Single Person Discount (SPD) matches and Business Rates (NDR) matches identified through NFI exercises and assist with co-ordinating and reporting on the full exercise within South Ayrshire Council.

- 3.3 The responsibility for investigating Housing Benefit fraud lies with the Department of Work and Pensions' Single Fraud Investigation Service (SFIS). Issues identified by the CFT during their work which can result in changes being made to benefits will be reported to SFIS for further investigation.

4. Detail

Corporate Fraud Activity

- 4.1 Table one below details new referrals received by the CFT in the six-month period from 1 April 2025 to 30 September 2025 split between the source and category of referral. The totals from the same period in 2024 have been included for comparison.

Table One: New Referrals received in period 1 April 2025 to 30 September 2025

Referral Category	NDR	CT	Housing General	Housing locate & trace	SWF	School Placement	HB	Blue Badges	Other	Total to 30 Sept 2025	Total to 30 Sept 2024
Source											
Online referral		17	12				4	2	15	50	27
Email/Telephone									1	1	0
Other Council Service	5	27	12	20	2					66	83
Anti-Fraud and Anti-Bribery/Whistleblowing Policy											0
Other Local Authority/Organisations											0
Total to 30 September 2025	5	44	24	20	2	0	4	2	16	117	
Total to 30 September 2024	8	18	25	44	1	1	4	4	5		110

- 4.2 The majority (56%) of the referrals received in this period were from other Council services with the remaining 44% from online referrals or via email or telephone. There were no referrals made through the Anti-Fraud and Anti-Bribery/Whistleblowing Policy, or from other local authorities or external organisations. This is consistent with the previous years' figures.
- 4.3 Methods of making referrals to the CFT are detailed within the Council's Anti-Fraud and Anti-Bribery Strategy¹ which is available to all staff through The Core. There is also a dedicated page within the Council's website which details methods by which members of the public can make referrals and includes a link to the online referral form. In addition, communication is circulated to staff, Members and members of the public during the National and International Fraud Awareness weeks (International Fraud Week 16-22 November 2025, UK Fraud Week 23-29 November 2025). The link to the Council's current Anti-Fraud and Anti-Bribery Strategy was shared with staff and Members, to highlight the work of the CFT, and to remind staff and the public of the Council's zero tolerance to fraud and of ways to report fraud. The source of referrals will continue to be monitored by the CFT and steps taken to publicise referral methods if required.
- 4.4 Table two below details the action taken by the CFT split by the category of the referral. The totals from the same period in 2024 have been include for comparison.

¹ The Council's Anti-Fraud and Anti-Bribery Strategy is currently being updated to reflect the new Failure to Prevent Fraud Offence and will be shared with staff and Members once approved by Cabinet, expected to be early 2026.

Table Two: New Referrals received in period 1 April 2025 to 30 September 2025 split by action taken

Referral Category	Investigated By CFT	Passed to Other Council Service	Passed to External Agency	Total to 30 Sept 2025	Total to 30 Sept 2024
Non-Domestic Rates	5			5	8
Council Tax	44			44	18
Housing General	24			24	25
Housing locate and trace	20			20	44
Social Welfare Fund	2			2	1
School Placement				0	1
Blue Badge	1		1	2	4
Housing Benefit	1		3	4	4
Others		8	8	16	5
Total Referrals in six months to 30 September 2025	97	8	12	117	
Total Referrals in six months to 30 September 2024	98	4	8		110

4.5 Action is taken on all referrals received by the CFT. The majority (83%) of referrals received in the period were investigated by the Corporate Fraud Team. However, there were 20 (17%) referrals received which did not relate to Council services, for example Housing Benefit or Blue Badge entitlement, which were forwarded to the SFIS or referrals which relate to operational complaints rather than fraud, for example anti-social behaviour complaints or child protection issues, which were forwarded to the relevant services for further action where required.

4.6 The referrals received during this period can be split into eight separate categories as follows;

- Non-Domestic Rates referrals relating to allegations that businesses may be claiming reliefs and/or discount which they are not entitled to.
- Council tax referrals relating to allegations that there has been a failure to declare changes in income, residency or other changes that may affect discounts and exemptions.
- Tenancy referrals relating to allegations that the tenant is not residing in the property and may be sub-letting without permission. Referrals on homeless applications and tenancy succession applications may also be received from Housing Services.
- Housing Locate and Trace referrals are made by Housing Services where a local authority tenant has left/absconded from a tenancy with outstanding rent arrears and cannot be traced by Housing Services.
- Scottish Welfare Fund (SWF) referrals came from Benefits and Revenues and relate to community care grant applications for household goods.
- Housing benefit referrals relating to allegations that housing benefit is being claimed where there is no entitlement. Referrals of these types will be passed to SFIS for investigation.
- Blue Badge referrals relating to either allegations of Blue Badge misuse or that there is no entitlement to the blue badge. The CFT investigate

allegations of misuse, but allegations of non-entitlement are passed to SFIS for investigations.

- Other referrals include operational complaints which were passed to the relevant service for action and complaints that do not relate to Council services which were passed to the relevant external organisation for action. Referrals relating to employee fraud will also be included within this category. Employee investigations will be dealt with in consultation with HR Services and line with the Council's Special Investigation Procedure. There were no referrals relating to employee fraud reported within this period.

4.7 Tables three and four below detail the number of investigations concluded by the CFT in the six-month period to 30 September 2025 and the outcomes of the investigation. The tables also show the statistics for the same period in 2024 for comparison.

4.8 Steps are taken to recover all financial outcomes where possible. Updated bills are issued where outcomes have been identified for Council Tax Reduction and Discounts and Non-Domestic Rates cases. Debtor accounts are issued for all other financial outcomes.

Table Three: Number of Investigations Concluded in period 1 April 2025 to 30 Sept 2025 split by outcome

Outcome	Number of Cases in six months to 30 Sept 2025	Number of Cases in six months to 30 Sept 2024
Open Cases at 1 April 2025	13	40
Referrals made during the period	117	110
Referred to another agency or Council Service for investigation	(20)	(13)
Total CFT Caseload in period	110	137
CFT Investigations Closed with no issues identified	81	102
CFT Investigations Closed with results achieved (See Table four)	24	16
Open Referrals at 30 September 2025	5	19

Table Four: Concluded investigation outcomes split by category.

Category	Six Months to 30 Sept 2025		Six Months to 30 Sept 2024	
	Number of Cases	Value (£)	Number of Cases	Value (£)
<i>Financial Outcomes (Referrals)</i>				
Non-Domestic Rates	5	£9,860	3	£10,250
Council Tax	12	£33,192	5	£20,265
Housing Locate & Trace	5	£7,871	3	£6,182
Scottish Welfare Fund	1	£1,780	1	£638

Total Financial Outcomes	23	£52,703	12	£37,335
<i>Other Outcomes</i>				
Education	0	N/A	1	1 School Placement Rejected
Tenancy	1	Housing Succession rejected	3	2 Tenancies returned. 1 Housing Application rejected.
Total Other Outcomes	1		4	

4.9 In addition to investigating referrals received, the CFT also carry out pro-active exercises in fraud risk areas. A Small Business Bonus Scheme (SBBS) pro-active exercise was completed by the CFT in 2024/25. This exercise concentrated on business rate payers in receipt of 100% relief and the results were included in the Corporate Fraud Activity Report presented to this Panel on 4 June 2025 (30 cases with outcomes totalling £30,744). The proactive exercise was expanded to cover business rate payers in receipt of less than 100% relief and a further 40 checks were completed in the six-month period to 30 September 2025. This work did not result in any financial outcomes for the Council, although it is not possible to accurately measure the deterrent factor of proactive exercises. It has been agreed with the Service Lead, Revenues and Benefits that a proactive exercise in this area which concentrates on 100% relief recipients only will be carried out on an annual basis and review of recipients of less than 100% relief will be considered on an ad hoc/periodic basis.

National Fraud Initiative

4.10 The 2024/25 National Fraud Initiative (NFI) Exercise commenced in October 2024 with all required datasets being uploaded to the NFI website by the required deadline. Most matches were provided to the Council between December 2024 and January 2025. However, additional matches continue to be provided where further data matching is completed by the Cabinet Office. The target number of investigations to be completed by the Council is reviewed when new matches are received and adjusted where required to reflect additional high-risk matches received. An additional 66 investigations have been carried out by services since agreeing the original target.

4.11 The 2024/25 exercise investigation results for South Ayrshire Council as at 30 September 2025 are included in [Appendix 1](#).

4.12 Within South Ayrshire Council, officers are assigned responsibility for investigating matches within their service area. However, the Corporate Fraud Team are responsible for investigating Business Rates matches and Single Person Discount (SPD) matches to multiple data sets, deceased records and to His Majesty's Revenues and Customs (HMRC) Household Composition data sets.

4.13 The CFT investigations comprise of review data and records held in Council and other systems and visits to properties where required. 534 SPD Investigations and 44 Business Rates investigations have been completed by the CFT since the start of the 2024/25 exercise. These investigations have resulted in a total

financial outcome of £30,544 from 24 SPD cases and £9,064 from one Business Rates case. The results of all CFT NFI investigations are included within [Appendix 1](#).

- 4.14 Updates on this exercise will continue to be reported to the Audit and Governance Panel through the six monthly CFT Activity Reports until the exercise is concluded which is expected to be around June/July of 2026.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Recovery of the amounts due is in progress. In Council Tax Reduction, Single Person Discount and Non-Domestic Rates cases, the debtor is rebilled reflecting the amount due. The savings identified from CFT referrals and NFI investigations of £92,311 represents the amount that would have been lost to the Public Purse had the fraud/error/debt remained undetected by the Council's CFT.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

- 8.1 Fraud risk is considered when planning all Internal Audit assignments and testing conducted to ensure there are adequate controls in place to mitigate the risk where required. In addition, anti-fraud reviews will be considered for inclusion with annual Internal Audit Plans where the CFT work indicates a high fraud risk within specific service areas.

8.2 Risk Implications of Adopting the Recommendations

- 8.2.1 There are no risks associated with adopting the recommendations.

8.3 Risk Implications of Rejecting the Recommendations

- 8.3.1 Rejecting the recommendation may result in ineffective scrutiny of the Council's control arrangements in relation to anti-fraud.

9. Integrated Impact Assessment (incorporating Equalities)

- 9.1 Our Integrated Impact Assessment (IIA) considers the following areas:
- Public Sector Equality Duty, Human Rights and Fairer Scotland Duty;
 - United Nations Convention on the Rights of the Child (UNCRC);
 - Sustainability, climate change and biodiversity;
 - Potential impact on older people;
 - Rural communities;
 - Health and wellbeing;
 - A trauma informed organisation; and

- The Promise.

9.2 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions, and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an Integrated Impact Assessment is not required.

10. Sustainable Development Implications

10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13. Link to Shaping Our Future Council Yes No X

14. Results of Consultation

14.1 There has been no public consultation on the contents of this paper.

14.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers [Corporate Fraud Activity Report and 2023- 2024 National Fraud Initiative Update](#)
[2024/25 National Fraud Initiative](#)
[Corporate Fraud Team - Activity Report and 2022/23 National Fraud Initiative Update](#)

Person to Contact Cecilia McGhee, Chief Internal Auditor
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612432
E-mail Cecilia.McGhee2@south-ayrshire.gov.uk

Dougie Urquhart, Senior Investigations Officer
Corporate Fraud
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612662
E-mail dougie.urquhart@south-ayrshire.gov.uk

Date: 19 November 2025

2024/25 National Fraud Initiative Investigations Results as at 30 September 2025

Match Area Current Results	Total Matches No.	Target Investigation No.	Target Completed No.	Target Completed %	Additional Investigations completed No.	Total Investigations Completed No.	Errors No.	Fraud No.	Outcome £
Housing Benefit	33	16	11	69%	0	11	0	0	0
Payroll	177	148	148	100%	24	172	0	0	0
Housing Tenants	494	174	93	53%	0	93	0	0	0
Blue Badge	469	427	427	100%	35	462	0	0	0
Waiting List	223	71	71	100%	7	78	0	0	0
Council Tax Reduction Scheme	1,111	42	41	98%	0	41	0	0	0
Creditors (Note 1)	1,425	77	77	100%	0	77	0	0	0
Procurement	34	34	0	0%	0	0	0	0	0
Business Rates	49	49	44	90%	0	44	1		9,064
CT Single Person Discount (Benefits and revenues investigations) (Note 2)	2,216	33	0	0%	0	0	0	0	0
CT Single Person Discount (Corporate Fraud Team Investigations)) (Note 3)	6,758	N/A	N/A	N/A	N/A	534	24	0	30,544
Total	12,989	1,071	912	85%	66	1,512	25	0	39,608

Note 1: The target number of investigations for these matches was reduced as, after an initial review by Accounts Payable, it was found that many of the matches in the reports were not duplicates.

Note 2: SPD matches are not ranked by risk rating, therefore it has been agreed that a 10% sample check will be completed for SPD matches. The original sample size has been reduced from 222 to 33 on the advice of NFI who advised that, as report 804 (Council Tax to all datasets) was a combination of reports 801 (Council tax to electoral register) and 803 (Council tax to other datasets) there was no requirement to investigate all three reports. The CFT is

investigating report 804, therefore there is no need for Revenues and Benefits to investigate reports 801 and 803. A 10% sample check will still be completed on report 802 (Council Tax to rising 18s)

Note 3 CT SPD total matches are split over three separate reports, however the actual number of matches is likely to be much lower as the same match could be included in multiple reports therefore it has not been possible to set a target for these investigations. The CFT will continue to risk assess the matches as investigations progress

South Ayrshire Council

**Report by Chief Executive
to Audit and Governance Panel
of 3rd December 2025**

Subject: Audit Scotland Report – Improving care experience: Delivering the Promise

1. Purpose

- 1.1 The purpose of this report is to advise Members of the recent publication of Audit Scotland's 'Improving care experience: Delivering the Promise' report and to highlight progress made in South Ayrshire.

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 Considers the key messages in the report, notes the progress in South Ayrshire, and feedback any comments to officers.**

3. Background

- 3.1 The Promise is a national commitment to improve Scotland's 'care system'. It was made by the Scottish Government in 2020 in response to an independent care review which engaged widely with care-experienced people and the paid and unpaid workforce. Delivery of The Promise requires a partnership approach across a wide range of bodies spanning national and local government.
- 3.2 The Promise has five key foundations: Voice, Family, Care, People and Scaffolding.

4. Detail

- 4.1 Key findings from Audit Scotland on Scotland's performance on delivering on the Promise:
- Initial planning lacked clarity on resources, roles, and success measures.
 - Governance structures (The Promise Scotland, Oversight Board, Independent Strategic Advisor) have unclear roles, creating complexity and weak accountability.
 - Data and monitoring frameworks were slow to develop; current data is insufficient to assess impact on care-experienced people.
 - Funding is fragmented, short-term, and hard to track; £500m Whole Family Wellbeing Fund introduced, but only 30% allocated so far.
 - Workforce faces major challenges: recruitment, retention, wellbeing, and lack of a national workforce plan.

4.2 Audit Scotland make a series of recommendations to be addressed within 6 months and 12 months.

Within 6 months the Scottish Government and COSLA should:

- Identify resource gaps (funding, workforce, skills) and set clear priorities and timescales.
- Clarify roles and responsibilities for oversight and monitoring.
- Streamline governance groups and reduce duplication.
- Coordinate data projects and align actions to inform the Story of Progress.
- Assess adequacy of the £500m Whole Family Wellbeing Fund.
- Improve transparency on spending and provide clearer funding priorities.
- Align prevention strategies with the Independent Strategic Advisor (ISA) and agree protocols for responding to ISA recommendations.

Within 12 months Children’s Services Planning Partnerships should:

- Embed care-experienced voices in local plans.
- Use forthcoming route maps to clarify roles and accountability.
- Set out priority investment areas for delivering The Promise by 2030

4.3 South Ayrshire Council has remained resolute in its commitment to delivering on The Promise, both strategically and operationally. This is evidenced by embedding The Promise within the Community Planning Partnership (CPP) and making it a [Local Outcome Improvement Plan \(LOIP\)](#) priority. The Promise is also a key priority with the Children Services Planning Partnership and influences the whole of Children Services Planning and the other priorities identified. The Promise’s influence in South Ayrshire is both wide and deep.

4.4 South Ayrshire has introduced ‘care experience’ as a protected characteristic, reflected in the Council’s [Integrated Impact Assessment](#) process.

4.4 South Ayrshire has ensured that the voices of children and families with care experience are at the core of how we deliver on the priorities identified in the Promise, which then informs policy and service development, as seen in our [“Parenting Promise”](#).

4.5 In March 2025 we published a progress update in how we had delivered on the Promise at the halfway point of the ten-year implementation period. We called it [“Embedding the Promise in Practice”](#) covering the 2021–2024 period. We have now also published our implementation plan for the next five years, updating our Corporate Parenting plan for 2025–2030.

5. Legal and Procurement Implications

5.1 The recommendations in this report are consistent with legal requirements.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There are no risks with rejecting the recommendations.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an Integrated Impact Assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report as follows:

- Appendix one allows for scrutiny of a publication by an outside body.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to all Priorities of the Council Plan.

13. **Link to Shaping Our Future Council** Yes No

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Brian Connolly, Council Leader and Policy Lead for Economy and Strategy and the contents of this report reflect any feedback provided.

Background Papers Link to report - [Improving care experience: Delivering The Promise](#)
[**The Promise in South Ayrshire - Health and Social Care Partnership**](#)

Person to Contact **Mark Inglis, Director of Health and Social Care**
County Buildings, Ayr
Email mark.inglis@south-ayrshire.gov.uk

Kevin Anderson, Assistant Director (Corporate Policy, Strategy and Performance)
County Buildings, Ayr
Email kevin.anderson@south-ayrshire.gov.uk

Date: 24th November 2025

Improving care experience

Delivering The Promise



ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland
October 2025

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Accessibility

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

Audit team

The core audit team consisted of:
Jillian Matthew,
Claire Tennyson,
Jessica Pringle,
Becki Lancaster
and Lorna Munro,
under the direction of
Mark MacPherson.

Key facts



150

Organisations with Corporate Parenting¹ duties in Scotland, spread across 26 different types of organisation



11,842

Looked-after children on 31 July 2024



88.8%

Proportion of looked-after children in community care



£20.6m

Value of grants distributed through The Promise Partnership Fund between 2021 and 2025



£1.2bn

Identifiable spending on care experience by local authorities in 2023/24



£148m

Funding allocated out of a total of £500 million Whole Family Wellbeing funding since 2022/23 – 70 per cent still to be allocated



£2.9m

Funding allocation available for The Promise Scotland in 2024/25

Note 1. A good corporate parent will want the best outcomes for their looked after children, accept responsibility for them, and make their needs a priority.

Key messages

- 1 The Promise is a national commitment to improve Scotland's 'care system'.** It was made by the Scottish Government in 2020 in response to an independent care review which engaged widely with care-experienced people and the paid and unpaid workforce. Delivery of The Promise requires a partnership approach across a wide range of bodies spanning national and local government. Initial planning for The Promise by the Scottish Government and COSLA did not give sufficient thought to the work that would be needed to deliver its aims over a ten-year period – including the resources required, and how success would be defined and measured. This has meant that public bodies across Scotland were not given a strong foundation to deliver on the care review ambitions, and work since then has been slow. Further development of plans and a monitoring framework are due at the end of 2025. These must provide a catalyst for greater pace and momentum.
- 2 Over five years on, organisations and individuals remain supportive of and dedicated to delivering The Promise by 2030.** To date, overarching plans – 'Plan 21–24' and subsequently 'Plan 24–30' – have not given the clarity needed by individual bodies and sectors. This has meant there has not been a consistent and shared understanding of what delivering The Promise would look like, and how this would be achieved, by 2030. Plan 24–30 was published in a web-based format, which organisations have found challenging to navigate. A series of route maps to support public bodies to deliver the ambitions of Plan 24–30 are being developed, due for completion by the end of 2025.
- 3 New structures – The Promise Scotland, The Oversight Board and an Independent Strategic Advisor – were set up to help deliver The Promise.** But there has been a lack of clarity about their roles and responsibilities. A confusing policy and legislative environment is not enabling public bodies to deliver The Promise. Complex governance arrangements mean collective responsibility and accountability is challenging and actions to address this have been insufficient.

- 4 The Scottish Government was slow to develop a framework to measure progress.** It was developed in partnership by the Scottish Government, COSLA, and The Promise Scotland and finalised in December 2024. Further development of the framework is under way which will aim to assess if care-experienced people feel the impact of change – a crucial next step. Available data is not sufficient to assess if services are improving the lives of care-experienced people at a national level, but improvements are under way to enable long-standing data barriers to be addressed.
 - 5 The absence of a clear assessment of the resources and skills required to deliver The Promise by 2030 at the outset has created a significant delivery risk.** Given the substantial and complex programme of work identified, without an evidence-based assessment of resource requirements, it will be difficult for the Scottish Government, local government, and partners, to prioritise investment to deliver The Promise by 2030. Local authorities spent £1.2 billion on care experience in 2023/24, a 1.2 per cent increase in real terms since 2017/18. Scottish Government funding for The Promise has increased. But funding is difficult to quantify and track, and the short-term and complex nature of multiple disparate funding streams is a barrier to effective use of resources.
 - 6 The Scottish Government introduced a £500 million Whole Family Wellbeing Fund (WFWF) in 2022/23 to help deliver The Promise.** It is unclear how the £500 million was arrived at and only £148 million of this has been allocated. Public bodies and the third sector have worked hard to support local and national change through this funding, but needed time to create the infrastructure to use this investment. There are strong arrangements in place to evaluate the fund and to share positive learning.
-

Recommendations

In the next six months the Scottish Government and COSLA, with support from The Promise Scotland, should:

- work together to identify where resources need to be targeted to deliver The Promise – and, in line with this, clearly set out which actions will be delivered, and how, over the next five years and beyond. This includes identifying any gaps both nationally and locally in funding, workforce, skills and infrastructure, and setting clear timescales for prioritisation
- clarify and set out roles and responsibilities for overseeing, monitoring and reporting at a national level on local activity to inform the overall picture of progress
- review and identify opportunities to streamline the remit, status, and expected impact of governance groups, boards and forums linked to The Promise; and agree collectively how to utilise the work carried out by The Promise Scotland on governance and accountability
- through the recently established data and evidence group, work to coordinate various data projects under way to identify and align actions, timescales, impact and how it informs the Story of Progress.

In the next six months the Scottish Government should:

- following on from the resource assessment with partners (described above), evaluate the appropriateness and adequacy of the £500 million Whole Family Wellbeing Fund which contributes to the delivery of The Promise
- provide clearer reporting on spending on care experience and support to delivery bodies on priorities and areas to focus funding on how best to deliver The Promise.

In the next six months the Scottish Government should work with the Independent Strategic Advisor (ISA) to:

- ensure that their respective strategies on prevention are aligned and agree on the approach before further work takes place

- agree a clear set of protocols which set out how the Scottish Government will respond to recommendations made by the ISA.

In the next 12 months bodies within Children’s Services Planning Partnerships should:

- where not already in place, set out in local plans how they will involve, and seek and respond to views from care-experienced people
- utilise the 25 supporting Plan 24–30 ‘route maps’ (due to be published by end of 2025) to enable collective responsibility and accountability for The Promise, ensuring clarity of roles across all sectors
- set out in local strategic plans priority areas for investment to deliver The Promise, by 2030 and beyond.



Children’s services planning partnerships – the local authority and health board are jointly responsible for children’s services planning. Other partners represented on the partnership may vary across Scotland but include: third sector and private sector providers, the Chief Constable of the Police Service of Scotland, Scottish Fire and Rescue Service, Scottish Children’s Reporter Administration, Children’s Hearings Scotland, the Scottish Courts and Tribunal Service, and Integration Joint Boards.

Introduction

1. In 2016, the Scottish Government commissioned an independent care review (the Care Review) to identify changes needed to improve Scotland's **care system**. In February 2020, the [Care Review published seven reports](#) outlining improvements it said that need to happen by 2030 to 'ensure that Scotland's children and young people grow up feeling loved, safe, and respected, so that they can realise their full potential'. The findings were based on over 5,500 experiences, and the conclusions received universal, cross-party support. The Scottish Government immediately committed to implementing the Care Review's wide-ranging conclusions, known as The Promise, in full by 2030.

2. The Promise is not one single thing, entity, programme, or piece of legislation. It is a universal commitment across public bodies and political parties to deliver change that can be felt by all **care-experienced people** and families on the **edges of care**. It is built on children's human rights and [The Promise's five foundations](#): Voice, Family, Care, People and Scaffolding.

3. Considerable work occurs through partnership working across local government, Scottish Government, national bodies, the third sector, and oversight bodies, to deliver on the Care Review ambitions. Although not an exhaustive account of activity, recent progress reports outline the breadth of work under way across local areas. In July 2025, The Promise Scotland published [Keeping the promise – A local perspective](#) reporting on work under way across Scotland's 32 local authorities. [COSLA has reported](#) on local authority progress, challenges, and good practice – most recently in June 2024. While the commitment to delivering The Promise remains strong and progress is being made, national reports have also outlined the need for faster progress.

4. Several bodies and governance structures exist to support delivery of The Promise. [The Oversight Board Report One](#) sets out the various entities operating within the cluttered landscape of the 'care system' ([Exhibit 1, page 9](#)). Since committing to delivering The Promise, the governance landscape surrounding care experience has evolved further, with both new and existing structures in place ([Exhibit 3, page 16](#)).



Care system

A collection of legislation, policy, and practice, designed to support babies, infants, children, young people, adults and families who need extra care and support. The Children (Scotland) Act 1995 defines 'looked after children' as those in the care of their local authority.



Care-experienced people

People with experience of being in care, regardless of the type or length of care. This includes babies, infants, children, young people and adults.







Edges of care

A baby, infant, child or young person who needs support to avoid becoming care experienced.

Exhibit 2.

Timeline of key events relating to The Promise 2020 to 2030

New bodies and governance structures have been set up and a range of reports have been published to support delivery of The Promise.

	Date		Events and activities
	February 2020	<ul style="list-style-type: none"> • Independent Care Review findings published, and Scottish Government commits to delivering The Promise by 2030 	
	May 2020	<ul style="list-style-type: none"> • Independent Strategic Advisor on The Promise appointed 	
	January 2021	<ul style="list-style-type: none"> • The Promise Oversight Board is established, renamed The Oversight Board in 2024 	
	March 2021	<ul style="list-style-type: none"> • The Promise Scotland is established • The first plan Plan 21–24 published 	
	August 2021	<ul style="list-style-type: none"> • The Hearings System Working Group is established (redesign of the Children’s Hearings System) facilitated by The Promise Scotland 	
	September 2021	<ul style="list-style-type: none"> • The Scottish Government commits to investment of £500m in Whole Family Wellbeing funding by the end of Parliament 	
	November 2021	<ul style="list-style-type: none"> • Scottish Government Promise Programme Board established 	
	March 2022	<ul style="list-style-type: none"> • The Scottish Government publishes its Implementation Plan • Local Government Programme Board is established 	
	April 2022	<ul style="list-style-type: none"> • First Local Government annual report on The Promise 	
	May 2022	<ul style="list-style-type: none"> • The Oversight Board publishes Report One 	
	June 2022	<ul style="list-style-type: none"> • Promise Collective first meeting. Its key aim is to align improvement work under way, through linking research and evidence to practice and policy 	
	April 2023	<ul style="list-style-type: none"> • COSLA & Improvement Service publish local government progress update 	
	May 2023	<ul style="list-style-type: none"> • Hearings System Working Group’s Redesign Report published 	
	June 2023	<ul style="list-style-type: none"> • The Oversight Board publishes Report Two 	
	October 2023	<ul style="list-style-type: none"> • Cabinet subcommittee for The Promise meets for the first time 	

Cont.

	Date		Events and activities
	April 2024		<ul style="list-style-type: none"> • Children (Care and Justice) (Scotland) Act 2024 is passed. It introduces changes to the care of children involved in care and the criminal justice services, such as: ending of under 18s being placed in Young Offenders' Institutions (implemented in September 2024); and raising the age of referral to Children's Hearings from 16 to 18 (not yet implemented)
	June 2024		<ul style="list-style-type: none"> • The Promise Scotland/Independent Strategic Advisor sets out Plan 24–30 • Progress update: COSLA publishes a snapshot of progress and challenges across the 32 local authorities
	July 2024		<ul style="list-style-type: none"> • The United Nations Convention (UNCRC) on the Rights of the Child (Incorporation) (Scotland) Act 2024 is in effect. It gives children access to legal redress if their rights are not upheld in relation to laws originally made in the Scottish Parliament
	September 2024		<ul style="list-style-type: none"> • The Scottish Government publishes progress update against Implementation Plan – contains a 'theory of change' and additional actions including key milestone for Whole Family Wellbeing Fund investment approach
	December 2024		<ul style="list-style-type: none"> • The Promise Progress Framework published as the first part of The Promise Story of Progress • Scottish Government Integrated Governance Board established
	February 2025		<ul style="list-style-type: none"> • The Oversight Board publishes Report Three
	March 2025		<ul style="list-style-type: none"> • Scottish Government Data and Evidence Group established
	June 2025		<ul style="list-style-type: none"> • The Children and Young People (Care, Care Experience and Services Planning) (Scotland) Bill introduced – aims to make further legislative changes to deliver the commitments of The Promise. Four consultations informed by care-experienced people supported the bill's development
	July 2025		<ul style="list-style-type: none"> • The Promise Scotland publishes Keeping the promise: A local perspective report
	August 2025		<ul style="list-style-type: none"> • The Data and Evidence group publishes its work plan • A new Deputy Chair for The Oversight Board appointed
	December 2025		<ul style="list-style-type: none"> • The Promise Scotland, the Scottish Government and COSLA are due to publish the next part of The Promise Story of Progress • Plan 24–30 route maps to be published by The Promise Scotland, in collaboration with a range of partners
	End of 2030		The Promise is due to be delivered in full

6. At ministerial level the Scottish Government has established a cabinet subcommittee for The Promise, and the ‘Minister for Children, Young People and The Promise’ has responsibility for The Promise. Additional external structures have also been established:

- **The Oversight Board (formerly The Promise Oversight Board)** – established in January 2021, now comprises 18 members. At least half, including the chair, are care experienced. It monitors, reports, and identifies calls to action on progress in delivering The Promise but has no legal powers.
- **The Promise Scotland** – established in March 2021 as a non-statutory company with no legal powers.¹ It is not a traditional public body. It is time-bound – intended to be obsolete by 2030. Its role is to support implementation of the Care Review’s conclusions with three functions: set out what needs to happen for Scotland to ‘Keep The Promise’; provide support for organisations working for change; and support The Oversight Board to monitor progress.
- **Independent Strategic Advisor (ISA)** – the Chair of the Care Review was appointed to this role by the First Minister from May 2020. The role includes chairing The Promise Scotland and providing strategic advice to civil servants while operating independently from the Scottish Government. Further, it includes meeting regularly with and reporting to ministers, setting the strategic direction for The Promise Scotland in line with the vision of the Care Review, and providing support to organisations on implementation – with support from The Promise Scotland. (See [paragraph 13](#) for other roles the ISA held from February 2020.)

About this report

7. This performance audit draws on existing national progress reports, with recommendations to support improvement. It does not seek to examine individual public bodies in detail, nor provide a detailed assessment of progress. It assesses the enablers and barriers to improving people’s care experience by delivering The Promise (summary outlined in [Appendix, page 50](#)) and how public bodies are responding to these. The audit looked at three main areas:

- To what extent are governance and accountability arrangements supporting all partners to work together, and to demonstrate collective accountability for delivering The Promise?
- How well are the Scottish Government, oversight bodies, Children’s Service Planning Partnerships (CSPPs), and partners, measuring and reporting progress on delivering The Promise?
- What are the trends in spending and resourcing by the Scottish Government, CSPPs, and national bodies to deliver The Promise, and what would support a shift to prevention?

8. Our findings draw on a range of published documents, including statistical and financial data, and supplementary information provided by national bodies. We have considered this information alongside interviews and focus groups with key stakeholders across national and local government. We refer to key plans throughout this report:

- [Plan 21–24](#) – published in 2021 by the ISA and The Promise Scotland. It was the first plan to deliver change for the first three years of delivery. It was not delivered in full.
- [Plan 24–30](#) – the current plan to deliver The Promise. It sets out 25 themes and associated ‘bridges and barriers’ to aid public bodies in delivering The Promise.
- [Keeping The Promise Implementation Plan](#) (March 2022) and [progress update](#) (September 2024) – the Scottish Government’s plan for delivering The Promise containing over 200 actions and 15 key commitments.

9. We have drawn on published information which draws on the views and experiences of care-experienced people. Throughout this report we refer to quotes and extracts from care-experienced young people from: an evidence session held in March 2024 to the [Education, Children and Young People Committee](#); and a report by CELCIS on [the views and experiences of the children’s services workforce](#), November 2023.

10. We acknowledge that this is a very personal and emotive topic. We recognise the importance of language, and refrain from using language with negative connotations where possible, but may use specific terminology when referring to legislation or to statistical publications.

1. Governance and accountability for The Promise

Over five years on there is still confusion about the individual and collective roles and responsibilities across organisations, sectors, and new entities

11. Responsibility for The Promise cuts across various sectors ([paragraphs 30–33](#)) making it difficult to distribute accountability and ensure each sector is responsible for its role in contributing to delivering The Promise. On committing to deliver The Promise, the Scottish Government did not give sufficient thought as to how new and existing entities would interact to deliver it. This has made it challenging for The Promise team within the Scottish Government, and The Promise Scotland, to gain the traction needed to support delivery bodies.

The Scottish Government as an ‘enabler’ for delivery bodies

12. The Scottish Government’s role is to enable and facilitate delivery bodies to deliver change. New structures established within Scottish Government civil service and at ministerial level have helped The Promise to remain high on the agenda at all levels, supporting a cross-sector approach. However, some stakeholders are less clear on how these new arrangements are supporting delivery of The Promise.

The Promise Scotland, The Oversight Board and the ISA

13. The roles of The Promise Scotland, The Oversight Board and the ISA are different to traditional entities that operate within the public sector. These were not clearly distinguished or defined from the outset – including how they relate to each other, and their respective governance and accountability arrangements. For example:

- The ISA chaired The Oversight Board until 2024, while advising government on strategy and chairing The Promise Scotland. The ISA previously held a post at **Corra Foundation (Corra)**, as chief executive up to late 2022. From February 2017, the ISA’s role was split between Corra and chairing the Care Review.
- From May 2020 the ISA was seconded from Corra to take up the ISA role and in late 2022 their role at Corra changed to Strategic Director. Since taking up the post of chair of the Care Review, the ISA was recused from all grant-making processes and decisions



Corra Foundation (Corra) is a Scottish grant-making charity that distributes funding on behalf of the Scottish Government to support delivery of The Promise. In 2023/24, Corra received £35.6 million of income as grants from the Scottish Government.

at Corra. The ISA left Corra in May 2025 to continue in the ISA position for a further five years up to May 2030.

- The ISA has led on developing Plan 24–30 with support from The Promise Scotland. It is unclear who holds ownership of Plan 24–30.

14. Changes have been made which aim to provide more clarity on respective roles. For example, The Promise Oversight Board is now ‘The Oversight Board’ and it now has [its own website](#). This has supported a clearer distinction between it and The Promise Scotland.

15. In August 2022, The Oversight Board agreed the ISA should step down as chair following revisions to the ISA role and responsibilities for Scotland’s strategy on The Promise. However, it took several meetings to agree a new approach to appointing two co-chairs and in June 2023 a new co-chair was appointed, with the ISA becoming the other co-chair. The ISA stepped down as co-chair in February 2024.

16. The Oversight Board agreed to postpone recruiting a new co-chair until after Report Three was complete to ensure full focus on producing the report. There was a delay in appointing a new co-chair, and a decision was taken to move to a different model with a chair and a deputy chair. A deputy chair was appointed in August 2025. Until August 2025, the latest minutes available on The Oversight Board’s website were from December 2024.

Children’s Services Planning Partnerships (CSPPs)

17. The Scottish Government and local government set the environment for **delivery bodies** – namely bodies represented within CSPPs, and other [corporate parents](#) who are among those tasked with implementing changes ([Exhibit 3, page 16](#)). CSPPs report to the area Community Planning Partnership on children’s services more widely, but there is no formal mechanism for CSPPs to be held accountable specifically for delivering The Promise. The approach taken by CSPPs to incorporating The Promise varies:

- Some CSPPs are adopting cross-sector approaches, with The Promise being considered in tandem with wider policy such as inequalities and **Getting it right for every child (GIRFEC)**.
- Thirty Children’s Services Plans for 2023–26 referenced The Promise and 15 areas included The Promise as a strategic priority.²



Delivery bodies

Organisations who have a responsibility to care for and support children and young people who are looked after by the local authority.



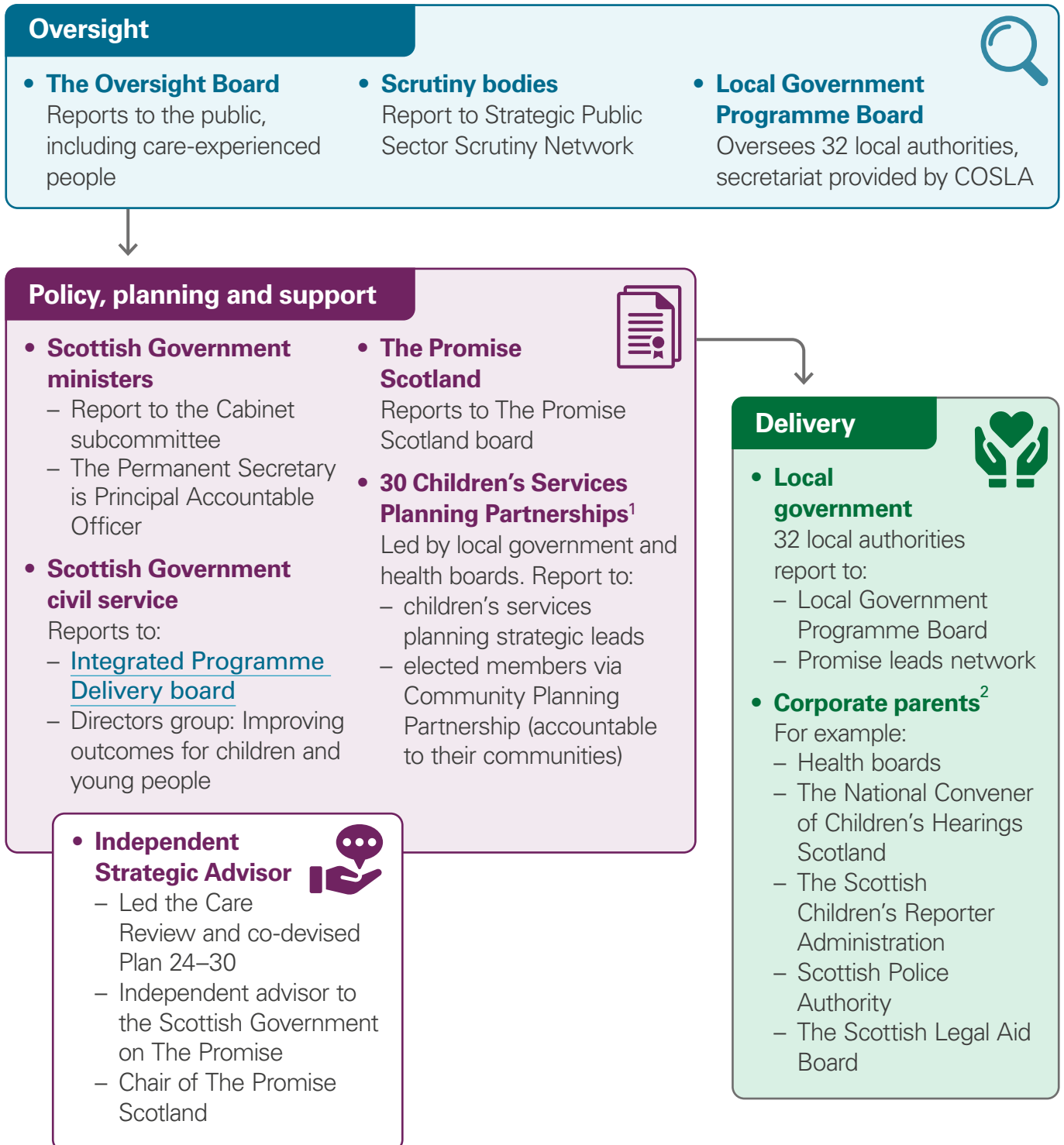
Getting it right for every child (GIRFEC)

The Scottish Government’s framework for improving the wellbeing of children and young people based on receiving the right support at the right time.

Exhibit 3.

Overview of the main care experience governance structures and forums

Various bodies, reporting lines, and governance forums exist to support The Promise.



Notes: This is not an exhaustive list of groups and forums (Exhibit 1). Cross-government groups are wide ranging and include: The Chairs Group, National Leadership Group and The Promise Collective.

1. CSPPs cover Scotland's 32 local authorities. Angus, Dundee and Perth and Kinross form one CSPP.

2. Corporate parents listed are examples. A [full list as defined in legislation is here](#).

Source: Audit Scotland

The Promise Scotland has led a series of outputs. It has had to evolve the focus of some of its work which risks its ability to demonstrate significant impact

18. The Promise Scotland has had to evolve since its inception, and its focus and work programme took time to get under way, partly delayed by the Covid-19 pandemic. To date its work has focused on leading various outputs to support policy work. This includes: developing resources to support public bodies; supporting The Oversight Board to produce Report Three; and supporting the ISA in developing Plan 24–30. It has also led a series of smaller-scale pilot-based projects. A detailed [summary of work carried out between August 2023 to March 2025](#) has been published by The Promise Scotland.

19. Much of The Promise Scotland’s work aims to support longer-term change. This means its impact will require time, for example through contributions which will inform policy and legislative change and national resources such as the Promise Progress Framework ([paragraph 56](#)), and by working with local areas.

20. The Promise Scotland has acknowledged that its initial work programme was too ambitious, in part due to the resource required to deliver locality-based work. For the first part of 2025 it redirected resources to produce a local perspectives report, requested by Scottish ministers. As a new organisation, there is a risk that The Promise Scotland’s need to be agile, and the nature of short-term projects, could detract from it having a tangible impact at the scale required to support significant public sector reform.

National plans to deliver The Promise lack clarity and direction, contributing to barriers in distributing collective accountability

21. The challenge of implementing collective accountability is well established, with multiple bodies responsible for delivering joint outcomes under The Promise. The aspiration of improving the lives and outcomes for care-experienced people is an ambition that all public bodies endorse – and one that pre-dates The Promise.

22. However, national delivery plans lack the clarity and direction required to ensure that these aspirations can be realised. Delivery bodies are not always clear on priorities, timescales, and to whom they are accountable. There is evidence of delivery bodies assessing what The Promise means for them, and this needs to be supported by clarity and guidance set nationally.

Plan 24–30 lacks detail for individual sectors and route maps to support delivery are not expected to be available until the end of 2025

23. Plan 24–30, described as ‘Scotland’s plan’, follows on from Plan 21–24 which was not delivered in full and lacked detail. Plan 24–30 was published in an interactive web-based format and is designed to be a collaborative tool to guide delivery bodies. While there is evidence of local areas and sectors using this to develop plans, the format of the plan has made it challenging for organisations to navigate.

24. Plan 24–30 provides clear destination statements linked to The Promise report from the Care Review, and a foundation for individual areas and sectors to develop their own plans – but it did not provide the clarity needed to understand their respective roles and actions required. From the outset, there was confusion about whose role it was to provide this direction, such as whether one of the new entities would lead the way, or if individual sectors and organisations should self-assess what was needed.

25. There has been recognition by both those tasked with policy and planning, and those delivering services, that further specific guidance is needed. Without this, individual bodies who have both a direct, and indirect role in delivering The Promise lack clarity on how they will deliver The Promise. The Promise Scotland is developing 25 ‘route maps’ to support the thematic areas from Plan 24–30. It plans to publish these by the end of 2025 – nearly six years on since the Scottish Government committed to delivering The Promise.

The Scottish Government has published a detailed implementation plan with over 200 actions

26. The Scottish Government’s second iteration of its Implementation Plan contained a ‘theory of change’. This was developed in October 2022 after the first plan was published and derived from ongoing policy work. It seeks to map out how it is delivering the changes required. The absence of this in the first plan makes it difficult to show the intended approach or direction of travel for its programme of work.

27. We assessed a small number of the actions from the Implementation plan relevant to the scope of this work and identified some key issues ([paragraphs 33, 37 and 108](#)). For example, some have been included without proper consultation or planning, or have lacked clarity.

28. These issues have led to confusion around how the actions are implemented and by whom, as well as their intended impact in supporting The Promise ambitions. The large number of commitments across government and sectors demonstrates the scale and breadth of work needed to deliver The Promise. For example, the redesign of the children’s hearings system is one strand of the Scottish Government’s Implementation Plan, and it alone contains 97 recommendations, as set out in the Hearings for Children report.

29. The Scottish Government maintains a tracker of the actions from its Implementation Plan. For the Scottish Government to fully fulfil its role as an enabler of change, it needs to work with partners to prioritise actions and clarify timescales and who will lead them.

The role of some sectors is clearer than others

30. A lack of clear plans has been a barrier for different sectors. Some have a clearer role – for example social work provide services to support and protect children, families and adults, and some other sectors have a more contained role in terms of delivering The Promise, such as:

- **Justice and children’s hearings** – The Scottish Children’s Reporter Administration (SCRA) and Children’s Hearings Scotland (CHS), among others, are tasked with implementing the recommendations from the Children’s Hearings Redesign. While delivery itself is challenging, there are defined programmes of work, deliverables and timescales.
- **Education** – schools have a clear role in working to reduce exclusions rates and improving attainment for care-experienced children and young people. A Virtual School Headteacher Network (VSHN) has been established to provide additional support to care-experienced learners ([Case study 1, page 20](#)).

31. The remit of other sectors is less clear. For example, our audit work found that the health sector has had less presence in national plans and discussions, even though it is a key partner in CSPPs at a local level. Health board corporate parenting plans are also not easily accessible or routinely monitored. In October 2024, a **Promise NHS network** was established, but this was overdue.

32. Similarly, scrutiny bodies have an important role, but some scrutiny organisations’ roles are more clearly defined than others. For example, the Care Inspectorate has a well-developed work programme to support The Promise, relative to others, such as the Scottish Housing Regulator, whose work is compliance based.

33. The Scottish Government Implementation Plan identified an action to develop a ‘new, holistic framework for inspection and regulation that values what children, young people and families value’. A wider review of inspection, scrutiny, and regulation has taken place,³ but this specific action has not been completed.



Promise NHS network

Facilitated by The Promise Scotland, it brings together representatives from health boards across Scotland to share insights.

Case study 1.

Virtual school head teacher (VSHT) network

The network has been linked to positive educational experiences

Background

A VSHT is a senior education staff member who takes responsibility for supporting care-experienced learners, in addition to the traditional school model. In some cases, the support may be provided by a care-experienced team rather than an individual.

Aberdeen City was the first local authority in Scotland to introduce a VSHT in 2015, and funding for wider rollout has been available since 2018 as an element of the Scottish Attainment Challenge. In 2024, 19 of 32 local authorities had a VSHT.

A VSHT case study published by Education Scotland looked at Inverclyde Council and demonstrated positive impact including:

- improved processes and data accuracy to improve working and data sharing between schools and children and families social work departments
- the exclusion guidance and protocols were updated and the number of exclusions of care-experienced learners halved in 2022–23
- schools reported feeling more confident in knowing and tracking learners, and pupils felt more supported.

The Centre for Excellence for Children’s Care and Protection (CELCIS) has had a key role in overseeing the network and promoting learning since 2020. More information is available on the [Virtual School Head Teachers’ Network](#) page hosted by CELCIS.

Source: Audit Scotland, CELCIS, Education Scotland



The complexity of The Promise, with several bodies tasked with delivery, means there are multiple routes of governance, which risks confusing and weakening accountability mechanisms

34. The diverse range of organisations and associated accountability structures which surround The Promise means that governance is inherently complex. While there is a need for all bodies and sectors across national and local government to take responsibility for their role in delivering The Promise, accountability for delivering The Promise at a national level ultimately lies with Scottish ministers, supported by the civil

service. Within the Scottish Government, a new integrated approach to governance was established in December 2024, replacing the Promise Programme Board which was established in November 2021 (Exhibit 3).

35. The Promise is now integrated into the Scottish Government’s wider public sector reform agenda. A new integrated approach to governance brings together programmes of work across whole-family-support including The Promise, Whole Family Wellbeing Fund and Early Child Development. This new approach is a positive development but some gaps in governance arrangements from the outset means there have been gaps in risk management. For example:

- A **Risk Potential Assessment (RPA)** was not carried out until March 2025 – three years after the Implementation Plan. The Scottish Government notes this will likely lead to an independent assurance review later in 2025.
- A Promise Programme Board risk register was established in November 2021, but updates do not appear until 2023, and review dates and decisions are not clearly logged.

36. There is opportunity to streamline governance groups and reduce duplication. Our analysis found around 40 groups with direct and indirect links to care experience across national and local government, but the actual number may be higher. The value and progress of some structures is unclear. For example, **The Promise Collective** has not been active for several months leaving a key gap in the coordination of cross-government improvement activity. While there are multiple layers of governance, there is also opportunity for strengthened cross-government oversight ([paragraph 38](#)).

There is a need to streamline the governance and accountability landscape, but actions taken by the Scottish Government to address this have not yet enabled the required shift

37. Locally and across sectors, there is complexity where delivery bodies have competing demands, policies and resources that are not easily aligned. The Promise spans 26 out of 40 Scottish Government Directorates, and a range of overarching **policy frameworks and guidance** apply to different sectors, some of which are out of date. The Care Review report [The Rules](#) identified over 60 pieces of primary and secondary legislation relating to children’s care services and called for greater clarity. The Scottish Government Implementation Plan included commitments to:

- **Scope a new, holistic framework for governance and accountability.** In 2024, The Promise Scotland published a paper to support this commitment, but it does not constitute a framework. This provides recommendations to enable collective accountability



Risk Potential Assessment (RPA)

The Scottish Public Finance Manual mandates that an RPA be carried out for major investment projects to determine the level of assurance and support a project needs.



The Promise Collective

A strategic forum established to support a cohesive approach to activities related to The Promise.



Policy frameworks and guidance

The Scottish Social Services Council has produced a [resource to support staff](#) to link the SSSC Codes of Practice, the principles of the United Nations Convention on the Rights of the Child (UNCRC) and The Promise.

for the range of partners delivering The Promise, including national bodies, scrutiny bodies and CSPPs.

- **Undertake a review of the legislative framework.** The Promise Scotland has undertaken work to support this, but a formal review has not taken place, and it is unconfirmed if this will go ahead.⁴
- **Introduce a Promise Bill to make the required legislative change to ‘Keep The Promise’.** In June 2025, the Children (Care, Care Experience and Services Planning) (Scotland) Bill was introduced. Limited detail on the content of the Bill was given in advance. The Scottish Government produced a financial memorandum, which estimates the Bill will cost up to £23.8 million by 2029/30 (recurring).⁵ If passed, the Bill will not be fully enacted until 2026, only four years before 2030. It is unclear how the Bill in its current form will address the challenges around the complex legislative landscape.

‘... does GIRFEC sit above The Promise or does The Promise provide a framework in which GIRFEC then sits?’

Children’s services workforce member

38. The governance paper produced by The Promise Scotland suggests how governance can be improved. The Scottish Government has not yet worked with partners to take the recommendations forward.⁶ It identified enabling actions that could be taken, for example: CSPPs should have clear structures in place to ensure robust accountability and monitoring; and the Scottish Government and scrutiny bodies need to hold partnerships to account for collaborative governance, beyond focusing on individual organisations.

There are examples of engagement with care-experienced people, but it is not always clear how their voice is being systematically embedded in service design or delivery

39. There is recognition among stakeholders of the need to avoid asking repetitive questions of care-experienced people. The Scottish Government commissioned Barnardo’s and Who Cares? Scotland to lead on engagement for a series of consultations, which were used by the Scottish Government to inform the development of the Children and Young People (Care) (Scotland) Bill. The Scottish Government has indicated that co-production with care-experienced people will be a key part of future developments of the provisions in the bill.

More direct engagement from the Scottish Government is needed; participants want to hear from the First Minister and Deputy First Minister directly and want to know what changes ministers could list since The Promise was published.

Extract from engagement session with care-experienced young people

40. Local accountability structures have been established to involve care-experienced people, for example Promise **Champions Boards**. In March 2025, an evidence session to the Education, Children and Young People Committee recorded that the number of Champions Boards has decreased, now with fewer than ten.⁷ Some areas may not have a Champions Board specifically but have established alternative participation groups and approaches.

41. The extent to which the views of care-experienced people are used is mixed, with some young people indicating they feel seen and heard through the Champions Boards and more widely. Other evidence suggests that practice could be more meaningful.⁸ Further, a review of progress against Plan 21–24 found there to be progress in supporting children and families in decision-making, although gaps remained in consistently prioritising their voices.⁹

'Children's views are gathered and noted on assessments and care planning, but I am not sure to what extent they are taken seriously?'

Children's services workforce member

42. Within the Scottish Government, care-experienced people are not represented on internal accountability and reporting groups. As an external structure to government, membership of The Oversight Board comprises at least 50 per cent care-experienced members. Through support from partners, the Scottish Government utilises engagement with care-experienced people carried out through wider policy work. For example:

- **The Bairns' Hoose model** – is adopting a child-centred approach, with involvement of children and young people into the Bairns' Hoose standards. The work is in the 'pathfinder' phase which has been extended to 2027 when national rollout will take place.
- **Hearings System Working Group (HSWG)** – established to oversee the redesign process for the Children's Hearing System, independently chaired and facilitated by The Promise Scotland. Care-experienced people and staff have fed into the HSWG, helping to identify both issues and solutions to inform the further work of the HSWG.



Champions Boards

A group of care-experienced young people who represent and advocate for other children and young people in care.



Bairns' Hoose

Scotland's approach to the Icelandic 'Barnahus', which means 'children's house'. It offers holistic, child-centred support to those who have been victims or witnesses of abuse and to children under the age of criminal responsibility whose behaviour has caused harm. [Bairns' Hoose website](#) provides more information.

2. Data, measurement and reporting

From the outset, the Scottish Government did not adequately plan how it would define, measure and monitor progress

43. While the Care Review highlighted what needs to change, the scale and complexity of The Promise means it is difficult to know if positive change is felt for each individual and family. Linked to the National Performance Framework (NPF), the Implementation Plan committed to developing a subset of indicators to support the national outcome 'we grow up loved, safe, respected and that we realise our full potential'. However, work to support how this is measured has been slow. The NPF is currently under review and is expected to be relaunched in mid-2026.

44. The theory of change in the updated Implementation Plan determined that having fewer children in care is an indicator of success, alongside people reporting a positive experience of care. In 2024, there were 11,844 children recorded as 'looked after', a 17 per cent fall since 2019.¹⁰ A greater proportion of children are living with family in kinship care, and there are fewer children under the age of five entering care – trends that would indicate a positive shift. The Scottish Government considers other information, such as child protection data but these measures are limited:

- **Diversity of success** – The Promise means different things for different people, and clear measures to address this were not defined from the outset
- **Complexity of need** – there are indications that the complexity of need is increasing but current established metrics do not capture this.

'I'm considered a success story; people talk about how far I've come but I'm constantly struggling with things.'

Care-experienced young person

The lack of clearly defined roles has contributed to gaps in national oversight and monitoring of local activity

45. Delivery of a major change programme like The Promise requires robust monitoring arrangements, clearly defined from the outset, to assess if it is delivering the intended outcomes and any wider

implications. CSPPs monitor and report on progress locally, and elected members are responsible for monitoring progress at a local authority level – and are accountable to their communities. A lack of robust planning as to how The Promise would be measured means that information is not routinely or robustly collated nationally:

- COSLA represents local government and since 2022, it has reported examples of progress and activity across local authorities. It has jointly led the development of the Promise Progress Framework, together with Scottish Government and The Promise Scotland ([paragraph 56](#)) but it is not responsible for monitoring progress in relation to The Promise, or policy more widely
- The Oversight Board progress reports are not based on a detailed assessment of local activity. The methodology applied for Reports One and Two was not clearly set out, but the methodology applied for Report Three, was clearer.

46. Variability across the country also makes it difficult to know to what extent The Promise is being delivered. Research by Who Cares? Scotland has highlighted the lack of consistency across Scotland and the need for more progress across priority areas, such as in education, restraint and profit from care. It also reported the dilution of some key ambitions, for example varied interpretations of the use of restraint. Work is under way to improve the understanding of restrictive practice ([paragraph 49](#)). This lack of consistency is a barrier in understanding, measuring and delivering progress overall.

47. The Scottish Government recognised the gap in local visibility. In May 2025, The Promise Scotland produced a ‘Keeping the Promise – A local perspective’ report for ministers and COSLA which draws on activity under way across Scotland’s 32 councils. As the first attempt to provide a country-wide narrative on progress, the report is clear on its limitations. This included that the findings were based only on publicly available information and that it does not draw on experiences of care-experienced people. The report highlights that it does not capture work carried out by other partners, such as health, police and the third sector. This limits the extent of the report’s reliability and value.





Improvements are under way to address long-standing data barriers

48. The Care Review highlighted that data relating to care-experienced people reflects the ‘system’ and its processes, rather than the true outcomes and experiences of those who move through it. The Oversight Board has reported that data still does not offer a clear and linked picture for care-experienced people. Our audit work has highlighted some thematic issues in the data landscape for care experience ([Exhibit 4, page 26](#)).

Exhibit 4.

Key challenges for public sector data

Data gaps, consistency of recording, and information sharing challenges present barriers to using information effectively to support The Promise.

Barrier	Example in practice	Enabler
 <p>Inconsistent equalities monitoring</p>	<ul style="list-style-type: none"> The core children's social work statistics dataset includes data on demographics, such as age and sex, but data on disability and ethnic background contain high percentages of unknown. 	<ul style="list-style-type: none"> Social and demographic information can enable inequalities to be understood and action taken.
 <p>Incomplete data and data gaps</p>	<ul style="list-style-type: none"> Difficulties in identifying care-experienced people in wider data sets, such as in health or justice, as this is not a standard recording field. 	<ul style="list-style-type: none"> More specific data could enable greater protection for care-experienced people, while enhancing data collection, and can help to assess progress.
 <p>Limited cross-sector data sharing</p>	<ul style="list-style-type: none"> Children's Hearings Scotland (CHS) information on Compulsory Supervision Orders is held by local authorities, and data on decisions from hearings is held by the Scottish Children's Reporter Administration (SCRA). General Data Protection Regulation (GDPR) means that data sharing between the bodies can be challenging. 	<ul style="list-style-type: none"> Cross-sector data sharing can support more effective decision-making which impact the lives of care-experienced people, and support whole system service delivery.
 <p>Limited capacity for increased data requirements</p>	<ul style="list-style-type: none"> Local authorities are required to contribute to over 30 public data reporting requirements, and for over 30 requiring bodies. Annually, children's services alone are required to support national data reporting through four reporting duties and submit eight different data returns. 	<ul style="list-style-type: none"> Reduced time spent on time intensive and often duplicative data handling can allow other work to be prioritised. For example, preventative work and building relationships.

Source: Audit Scotland

49. Since the Care Review, work has been done to improve data – although some of this was due to begin before the Care Review. The Scottish Government and partners have made some improvements to existing data, for example:

- **Looked-after children’s data** – from spring 2023 data collection included statistics in development for information on sibling groups.
- **National Hub for reviewing and learning from the deaths of children and young people** – created in 2021. It aims to channel learning to reduce future preventable deaths by promoting consistent, quality child death reviews (CDRs) into deaths of all live born children up to the age of 18 years, and care leavers up to age 26 in receipt of continuing care or aftercare services at the time of their death.
- **Kinship care data** – in July 2025, the Scottish Government published [data on kinship care](#) linked to Scotland’s census, providing a clearer account of the number of children being cared for in kinship care.
- **Data published on restraint** – from November 2024, the Care Inspectorate has published annual data on the use of physical restraint and seclusion in residential child care services. From July 2025, the publication has included [data on other restrictive practices](#). This follows on from work carried out by the Scottish Physical Restraint Action Group around definitions, recording and reporting. It aims to support with providing a clearer picture of the use of restrictive practice.

Work is under way to enable better use of existing data, including longitudinal research and data linkage

50. It is widely recognised that public bodies in Scotland collect a lot of data, but it is not always used to understand a person’s journey and experiences. **Data linkage** has the potential to unlock access to more useful and joint information that already exists, to show how different factors in a person’s life interact ([Case study 2, page 28](#)).

51. The need to look at longitudinal data around care experience was highlighted before the commitment was made to deliver The Promise.¹¹ In collaboration with Administrative Data Research UK, the Scottish Government developed the [Looked After Children longitudinal dataset \(CLAS dataset\)](#) in 2022. This has led to multiple research projects to understand different areas, such as pathways for care-experienced people, kinship care, health, and placement patterns.

52. In March 2025, the Scottish Government established a Data and Evidence Group. It is an analytical group which aims to adopt a cross-sector approach to understanding the data landscape across different population groups, including families on the edges of care. As part of its



Data linkage is the process of combining data from different sources that relate to the same person or entity, through ‘administrative’ or ‘routine’ data, eg attending a GP, school or court.

remit, The Promise Collective ([paragraph 36](#)) also has a role to look at data and evidence, and so the work of each group should be aligned to enable the value of both to be realised fully.

Case study 2.

Data linkage has supported educational outcomes data

Broader improvements to data linkage are at an early stage, impeding further progress.

Scottish Government Educational outcomes for looked-after children

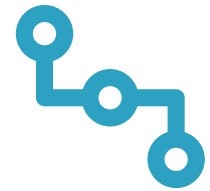
Data linkage is used to link educational data with social work data using a child or young person's **Scottish Candidate Number (SCN)** to provide an understanding of the education experiences of children in care.

This enables a greater understanding of how education and social care are interacting. Recent data now reports on children who have been looked after at any point rather than just in the previous year, and reporting also now includes attendance and exclusions.

Challenges

The SCN method cannot be used to match children below school age to other data sets, such as health. This means a core group of children cannot be identified – estimated by CELCIS as approximately 30 per cent of children.¹² This is a gap in assessing outcomes for pre-school children, particularly as early years are key to supporting prevention. Work to enhance data linkage is at an early stage.

Source: Audit Scotland and CELCIS



All candidates going through the Scottish education system are allocated a **Scottish Candidate Number (SCN)** from Primary 1.

Some local areas are working to improve data

53. In East Lothian, the council used Scottish Government Whole Family Wellbeing funding ([paragraphs 80–85](#)), under its 'Families Together' programme to build a 'change and practice team'. This included a Community Researcher post to support data analysis. As a fast-growing local authority, the additional capacity has supported a better understanding of the needs and experiences of local family support.

54. Glasgow Health and Social Care Partnership and the Glasgow Council for the Voluntary Sector undertook a mapping exercise to inform a Family Support Strategy. This looked at families' risk factors and demographics such as child poverty, mental health, and use of services, to provide a baseline for understanding the impact of future systems change.

The Promise Scotland is leading work to support improved data, but progress has been slower than planned

55. The Promise Scotland is leading on two data projects – each aimed to support better use of data and identify resolutions to data sharing. The timelines attached to the projects demonstrate the time that is needed to improve data infrastructure at scale:

- **Information sharing project** – a collaboration with the Data for Children Collaborative and Scottish Government, launched in October 2024. The project is seeking to provide an understanding of the barriers to data and information sharing and identify tangible actions for organisations to take forward. It is expected to publish in December 2025.
- **The Promise Data Map** – a collaboration with the Scottish Government, Edinburgh University and **UNICEF**. It aims to support organisations to better understand what information they hold and how they use it, but it will not hold the data itself. The tool has been tested in South Ayrshire with positive feedback. Further rollout was due by summer 2022, but because of the complexity and changes to the design, it has been delayed and will not be available until the end of 2025.



UNICEF

United Nations Children's Fund is a United Nations agency dedicated to improving the lives of children worldwide.

The Scottish Government was slow to develop a framework to measure progress

56. In 2020, upon committing to deliver The Promise, insufficient thought was given as to how progress would be measured, including the time needed to develop a monitoring approach. [The Promise Progress Framework](#) (PPF), was published in December 2024, following a year of work to refine and agree relevant measures. It was developed by Scottish Government, COSLA, and The Promise Scotland, and through engagement with other partners.

57. The framework is supported by ten vision statements taken directly from The Promise, each with a set of outcomes and indicators that public bodies should work towards. These provide a foundation for individual sectors and bodies, with some outcomes providing greater clarity than others, for example, in justice, the ending of young people in youth offending institutions – with clear indicators to support this. However, in other areas such as health, the outcome is broader, focusing on improving access and with no supporting indicators. The framework makes up a third of 'The Promise Story of Progress' based on three questions:

- How is Scotland doing in its progress towards keeping The Promise? (**National progress** – The Promise Progress Framework)
- Does the care community feel the impact of The Promise being kept? (**Experiential progress** – due by end of 2025)
- How are organisations doing in their work to keep The Promise? (**Organisational progress** – due by end of 2025).

58. The PPF has been populated with national progress data focused on a set of existing core (directly related to The Promise and change), and contextual (wider social and wellbeing) indicators, from a wide range of quantitative sources and collated in one place, for the first time. It uses 2020 as a baseline for most indicators in line with when the Care Review concluded and acknowledges factors which could impact this as a starting position – namely the impact of the Covid-19 pandemic. The remaining two parts of the Story of Progress will focus on qualitative data.

59. In September 2025, The Promise Scotland published an interactive dashboard which presents national level data. It does not show local variations which may impact national trends, but local areas will collect, monitor and report on their own data locally.

60. The current framework does not yet capture the experiences of care-experienced people, or the workforce. The next iteration of the PPF will seek to include this, based on ‘what matters’ to children and families. There is little information on what the other two parts of the framework will look like, and how the qualitative information will be captured. The recently established data and evidence group has now set out an approach and identified key milestones across 2025 and 2026. Five years on, this is overdue and is a significant risk to understanding progress.

Public bodies are working to implement child rights in line with The Promise. An approach to measurement of UNCRC articles is being developed

61. The Care Review found that there was a focus on policy, process and procedure to the detriment of upholding children’s rights. Since then, United Nations Convention on the Rights of the Child (UNCRC) legislation has been introduced in Scotland. Some organisations have active programmes of work in implementing child rights under way. For example, both SCRA and CHS are focused on upholding **UNCRC Article 12** as part of the children’s hearings redesign work.

62. Advocacy support can enable care-experienced people to realise their rights, but the level of unmet need for advocacy support is unknown – therefore it is unclear to what extent care-experienced people are aware of their rights. As part of the Children (Care, Care Experience and Services Planning) (Scotland) Bill, work is under way to consider a potential national lifelong advocacy service for people and families with care experience.¹³



UNCRC Article 12

Respect for the views of the child to be listened to and heard.

‘At the beginning, I didn’t know what an advocacy worker was.’

Care-experienced young person

63. A comprehensive monitoring framework for UNCRC is not yet in place, and wider evidence suggests that the extent to which the rights of care-experienced children are upheld is mixed. Research by the Care Inspectorate outlines that where rights are not being upheld, the availability of resources is often a barrier.¹⁴

64. From 31 March 2026, CSPPs will be required to report on how they are embedding UNCRC. The Scottish Government is considering how it will formally measure delivery against UNCRC. It is scoping the development of initial indicators relating to youth justice (Articles 37 and 40). This will inform the development of indicators across other articles.

3. Resources to deliver The Promise

Local authorities recorded spending £1.2 billion on care experience in 2023/24, a 1.2 per cent increase in real terms since 2017/18

65. In 2023/24, local authorities reported that they spent £1.2 billion on services related to care experience, a 1.2 per cent increase in real terms since 2017/18. Most of this spending is for services provided by children and families social work, and a further £0.8 million on children's panel costs. Core areas of spending include:

- case management and assessment (£323 million)
- fostering and family placement (£260 million)
- care homes (£155 million)
- residential schools (£152 million)
- third party payment to private companies (£198 million).

66. The robustness of data provided by local authorities varies, making it difficult to meaningfully assess spending. Local authority spending is recorded through the national Local Financial Returns (LFR) data set, where spending categories do not always reflect how services are delivered. As such, there can be variability in how councils record information, and this is often based on 'best estimates'. The LFR data set has changed over time, meaning that data especially in earlier years may not be directly comparable.

67. For local areas where children's services are delegated to the Integration Joint Board (IJB), this is not recorded in sufficient detail within the LFR data set. For example, contributions to/from social care is a single pot of money and cannot be split into specific categories for children's panel or children and families, and so spending on care experience may be higher. IJBs do not have a consistent method of recording care experience spend. Proportions of universal services that are spent on care and care-experienced children, families and adults, eg education, justice, health, are also excluded.

There are examples of local authorities and partners redirecting resources to improve outcomes and realise cost savings

68. Early intervention has the potential to significantly reduce public spending. The Accounts Commission [Briefing: Local government budgets 2024/25](#) reported that councils' total budget gap in 2025/26 had increased by £52 million since 2024/25.

69. Approaches to realigning spending on care experience have pre-dated The Promise. For example, in 2019 Perth and Kinross Council utilised existing service funding alongside £1.7 million earmarked reserves to fund the **REACH** multi-disciplinary team. The team provides intensive support to families with multiple complex needs, where the young person is at high risk of becoming accommodated away from home. This has enabled young people to be looked after in community settings. In August 2021, the council estimated that since its inception, REACH had helped to reduce costs by at least £4.2 million.

70. In Glasgow in 2016, the council established a programme to transform children's services through intensive support to vulnerable families and shifting how the service approaches risk. The council informed us that funding from the Glasgow integrated Health and Social Care Partnership (HSCP) has increased from £2.7 million to now £6.7 million per annum and a new tendered contract for up to seven years. The council reports benefits such as:

- a 62 per cent reduction in the numbers of children entering care, and 70 per cent fewer placement moves
- savings of £32 million in care placement costs and at least a further £70 million savings across a nine-year period for associated costs of keeping children in care.

71. In 2024, the Independent Strategic Advisor (ISA) led work to develop a strategic approach to investment and disinvestment. Building on the human and economic cost modelling from the Care Review ([Follow the Money report](#)), it aimed to identify areas across multiple systems where spending associated with care experience could be 'disinvested' and re-directed towards prevention. For example, for mothers in prison on remand or short-term sentences, reducing resources in prisons and the need for their children to go into care can avoid costs for both the justice and care systems. Resources can be redirected into community-based supports instead ([Case study 3, page 34](#)).

72. The ISA worked with leaders in different areas to develop proposals for this work, but the Scottish Government has not provided support to take this forward. Some innovative approaches are being taken forward, but the work has had limited impact to date.



Resilient, Engage, Achieving, Confident and Healthy (REACH) brings together a range of expertise from different services across the council.

Case study 3.

Aberlour Intensive Perinatal Support Service

A focus on prevention has enabled families to stay together and delivered cost savings. Building strong, trusted relationships has been key to the service's success.



Background

Since April 2021, Aberlour Children's Charity has been delivering an intensive support service to pregnant women and new mothers who are affected by problematic substance and/or alcohol use. Its aim is to help keep families together when safe to do so. The service is funded through the Corra foundation, Falkirk Alcohol and Drugs Partnership and Falkirk Council.

The service provides person-centred, practical and emotional support seven days per week from 7am–7pm, for the first year of a baby's life. In the first three years of operation, Aberlour Children's Charity supported 34 mothers and babies – all at high risk of being separated.

Impact

Mothers were positive about the service and provision of flexible wrap-around support. The service supported mothers in their recovery journey. Mothers built strong and trusting relationships with support workers, which helped them to rebuild relationships with their babies, other children and services – helping to keep families together. From April 2021 to March 2024:

- eight babies were de-registered from the child protection register
- two babies who had been accommodated at birth returned to their mother's full-time care.

The focus on prevention has enabled financial savings of £411k in avoiding care costs with the babies being supported. This exceeded the cost of the service (£221k). An evaluation estimated that every £1 invested in the intensive Perinatal Support Service had a future value of almost £15 over the childhood period of supported children.

Source: Audit Scotland, Aberlour Children's Charity and Social Value Lab

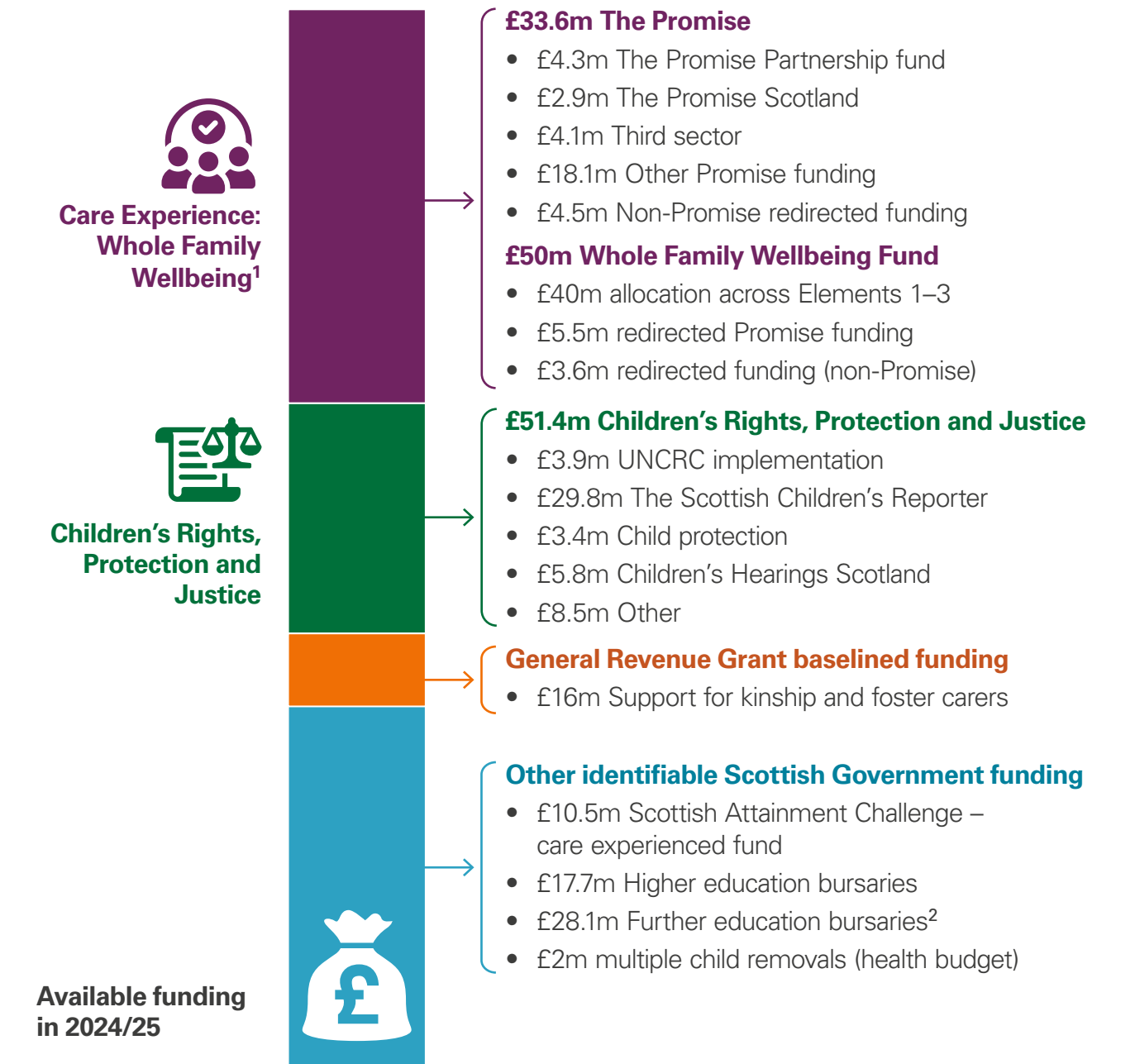
Multiple disparate funding streams present barriers for bodies to utilise funding, and to assess the impact of investment

73. There is no single source of funding for The Promise and multiple bodies have a role to play, which makes it difficult to track spending ([Exhibit 5, page 35](#)). There will also be significant work that contributes to care experience but is not specifically recorded, for example preventative spending in child poverty, and police resources to support The Promise.

Exhibit 5.

The funding landscape for delivering The Promise

Funding is complex with disparate pots making it difficult to identify the total funding available.



Notes: This is annual funding. The exhibit presents the budgeted amounts for 2024/25 when known. Amounts for the WFWF breakdown are based on actual spend and do not equal the budget line total.

1. Within year changes may be made to budget lines in response to changes to projected spends. These will be agreed by ministers and will appear as transfers at the spring or autumn budget revision. These transfers have been used for Promise related work or to address non-Promise Scottish Government priorities.

2. Further Education bursaries are based on 2023/24 allocations to colleges via the Scottish Funding Council.

Source: Scottish Government and Audit Scotland

74. CSPPs delivering The Promise are impacted by parameters set by the Scottish Government. Individual bodies within CSPPs receive funding through various sources, each with its own criteria and reporting requirements. This can be a time-intensive process which increases the burden on local areas. For example, CSPPs (via local authorities) receive funding as part of Element 1 of the WFWF. They may also apply for and receive funding from the Promise Partnership Fund ([Case study 4](#)), and the Care Experienced Children and Young People Fund as part of the **Scottish Attainment Challenge (SAC)**.

‘The way in which funds are allocated from the Scottish Government in a time limited and ring-fenced format means that there is often uncertainty about whether funding will be baselined. There can also be a heavy burden in relation to reporting for different funding streams and this can result in duplication...’

Children’s services workforce member



The **Scottish Attainment Challenge** is a source of funding to local authorities to support closing the attainment gap in education and includes a specific funding stream for care-experienced children and young people.

Case study 4. Promise Partnership Fund (PPF)

The PPF aimed to support capacity building to deliver The Promise.

Background

In January 2021, the Scottish Government commissioned Corra Foundation to administer the PPF which aimed to help realise the ambitions of The Promise. Corra worked in partnership with the Scottish Government and The Promise Scotland to develop the funding approach. All funding decisions were made by an independent panel comprised entirely of people with care experience. Projects were not intended to support core service delivery, but focused on building infrastructure to enable structural change, in line with The Promise. For example:

- Scottish Borders Council worked with Children 1st to utilise £160k over two years. Children 1st created the Brothers and Sisters Project which has enabled a focus on sibling relationships across different areas of practice, such as social work sibling assessments and sibling tracing.
- Highland Strategic Partnership received £99.5k to appoint a change manager to review Highland’s current system of moving on support, in collaboration with Aberlour.



Funding allocation

An initial funding allocation of £4 million was to be spent by March 2021. Further rounds of funding meant the PPF totalled £20 million between 2021 and 2025, across seven funding streams. A further £700k was provided by charitable organisations. At November 2024, a total of £20.56 million had been administered in total across all funding rounds, with over 400 applications made by local authorities and third sector organisations. A total of 201 grants were distributed with a success rate of 48 per cent.

Evaluation

Corra Foundation has led evaluative work on the PPF and has produced annual reports. Since the funding was announced 95 per cent of grant holders report changing their systems and support for children and young people with care experience; and 80 per cent of grant holders report involving care-experienced people in the design and delivery of services. In an interim evaluation for 2023/24, Corra reported that 68 per cent of projects were on track with progress, and the flexibility of the funding has been valued in supporting change. However, it is too early to see the longer-term impact of the work, with many projects being part of a wider journey.

Areas of success include:

- Partnership working – connections, relationships and trust have built across partners.
- Embedding participatory approaches to service design and delivery.

Challenges include:

- The initial allocation of £4 million to be spent between January and March 2021 was particularly challenging.
- Staffing and recruitment due to availability of suitably qualified staff and challenges filling short-term posts. Organisations reported time constraints and short-term funding cycles, alongside recruitment challenges as creating a barrier to innovative improvement work.
- Time-intensive application process meant CSPPs had limited time between receipt of funds and projects concluding. In three cases, this has contributed to the return of funds.

Source: Audit Scotland and Corra Foundation

75. Multiple funding streams also make it more difficult for delivery bodies to join up funding from different sources, and to measure their impact in terms of outcomes for care-experienced people across their lives. This links to challenges with collective accountability (Part 1). Some targeted evaluations have allowed the early impact of specific funding to be assessed (Case study 4).

76. The cost of The Promise Scotland is funded from the £33.6 million budget line 'The Promise' (Exhibit 5). The Promise Scotland has been staffed since summer 2022, with the appointment of the chief executive in September 2022. It employs an average of 26 people. In 2021/22, there was £2.39 million in grant funding available but The Promise Scotland spent £1.7 million due to start up delays. The grant funding commitment has remained flat across 2023/24 and 2024/25, with £2.9 million available. In 2023/24, The Promise Scotland spent £2.6 million including:

- £1.7 million in staff team costs
- £0.3 million direct project costs
- £0.5 million core costs, including premises, IT, accountancy, legal and other professional fees.

Scottish Government funding for care experience has increased but this is difficult to track due to changes in how funding is recorded over time

77. Scottish Government funding specifically for care experience and The Promise is recorded across two distinct budget lines. The budget now labelled 'Care Experience: Whole Family Wellbeing' is the main source for The Promise ([Exhibit 6, page 39](#)). The creation of new funding lines within this budget is difficult to track over time. This is because of the way information is presented in the budget, with previous funding for care experience being merged and included under new headings. The Children's Rights, Protection and Justice Budget contains funding that is also linked to The Promise.

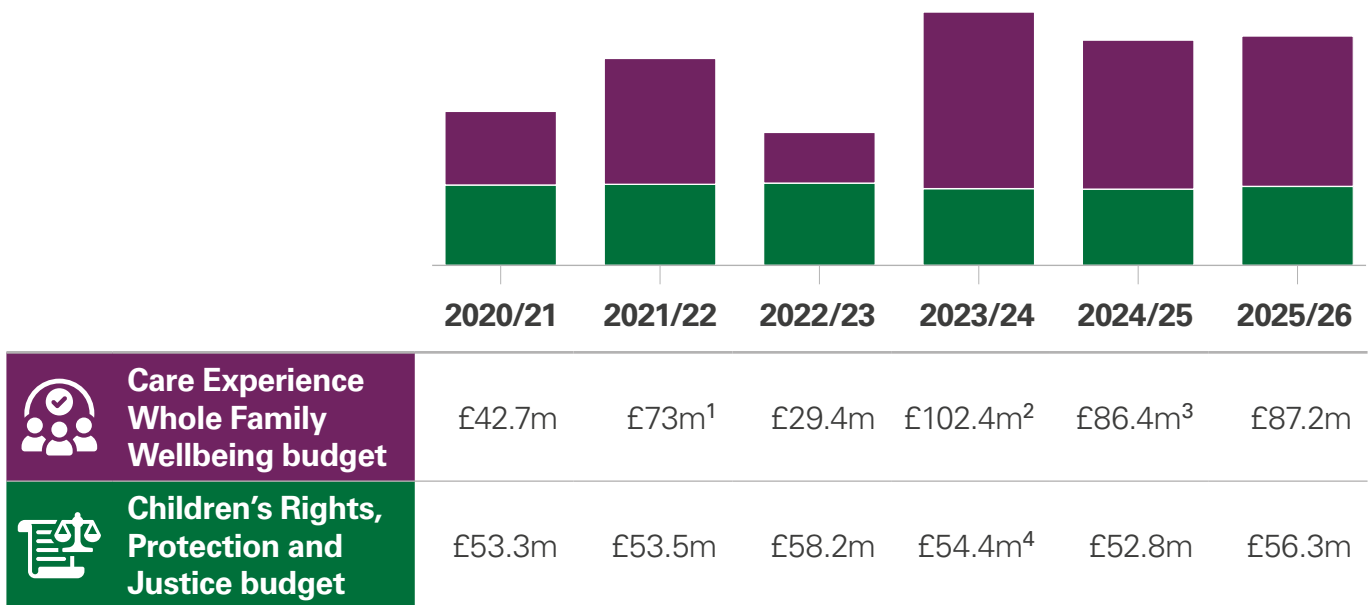
78. The care experience Whole Family Wellbeing budget has seen a significant increase, ie 196 per cent since 2022/23 (Exhibit 6). Total funding across both budgets combined has increased in real terms by 49 per cent since 2020/21; and by 64 per cent since 2022/23 when previous funding that was not directly related to The Promise was removed. The budget increased in 2023/24 when the Whole Family Wellbeing Fund ([Exhibit 7, page 41](#)) and Recommended Scottish Allowance for foster and kinship carers were introduced.

79. While Scottish Government funding for care experience has increased, actual annual spending has been lower than amounts indicated in the published budget. Starting budgets have often been revised in-year, or funding has been transferred to support other areas. In 2020/21 and 2022/23, spending variances against the budget were more prominent. The Scottish Government records its spending but variances can be difficult to track.

Exhibit 6.

Scottish Government Budget and areas of key funding, 2020/21 to 2025/26

Funding for activities contributing to the delivery of The Promise under key Scottish Government budget lines has increased in real terms.



Notes: Care Experience Whole Family Wellbeing was previously 'Care and Protection'; and 'Strategy, GIRFEC and The Promise' with different sub-headings contained over time. Figures have been rounded and refer to budgets (level 4) published in December of each year (starting budget).

1. In 2021/22, £31 million of redress and Scottish Child Abuse Inquiry funds (cash terms) were moved to another level 4 budget line, but this does not show until 2022/23.
2. £50 million (cash terms) of Whole Family Wellbeing Funding has been allocated since 2022/23 but for 2022/23 this appeared in the Autumn Budget Revision.
3. In 2024/25, £16 million (cash terms) of foster care funding was baselined in the General Revenue Grants for Local Authorities.
4. Child protection moved from Care Experience Whole Family Wellbeing to Children's Rights, Protection and Justice budget in 2022/23 (with retrospective application for 2021/22 budget re-statement).

Source: Scottish Government and Audit Scotland

The Scottish Government established a £500 million Whole Family Wellbeing Fund to enable a shift to prevention

80. In 2021/22, the Scottish Government introduced a £500 million **Whole Family Wellbeing Fund (WFWF)** over the course of this Parliament ([Exhibit 7, page 41](#)). The funding has three distinct elements, spread across local and national bodies. The highest proportion was given to CSPPs through Element 1, distributed via a funding formula which considers factors such as deprivation and rurality.

81. Since 2022/23, the Scottish Government budget has included an allocation of £50 million per year but only £148 million has been committed until 2025/26. A minimum of £38 million has been committed for 2026/27 for Element 1. The remaining 70 per cent of the fund will need to be allocated beyond this Parliament. This is at risk if a future government does not commit to this through future budget rounds.

82. Aligned to WFWF, the 2021/22 Programme for Government outlined an ambition, that by 2030, five per cent of all community-based health and social care spend will be invested in preventative whole family support. The Scottish Government has not established a trajectory to achieve this. It intended that the £500 million WFWF would provide a dual source of funding to enable CSPPs to realign resources to meet this ambition.

83. The Implementation Plan update published in September 2024 outlines the Scottish Government's investment approach to the £500 million WFWF to support delivery of The Promise, covering the period 2024/25–2031/32. However, it is unclear how this sum was arrived at when first introduced in the 2021/22 Programme for Government, and so it is unknown if this is the optimal amount of investment needed.

84. While the total amount allocated by the Scottish Government has been lower than planned, so too has actual spending by CSPPs for Element 1. Funding not spent in-year can be rolled forward to future years. This flexibility has been valued by CSPPs, given delays at the beginning to commence activities. Similarly for Element 3, funding was delayed for many projects with challenges linked to recruitment and identifying locations to deliver support. As a result, a high proportion of overall funding to date was for 2024/25.

85. The Scottish Government's approach to distributing the remainder of the WFWF for future years has incorporated feedback from stakeholders. This feedback highlighted that additional time would be needed to enable local areas to establish the system and cultural conditions to utilise funding, and informed the Scottish Government's evolving investment approach.



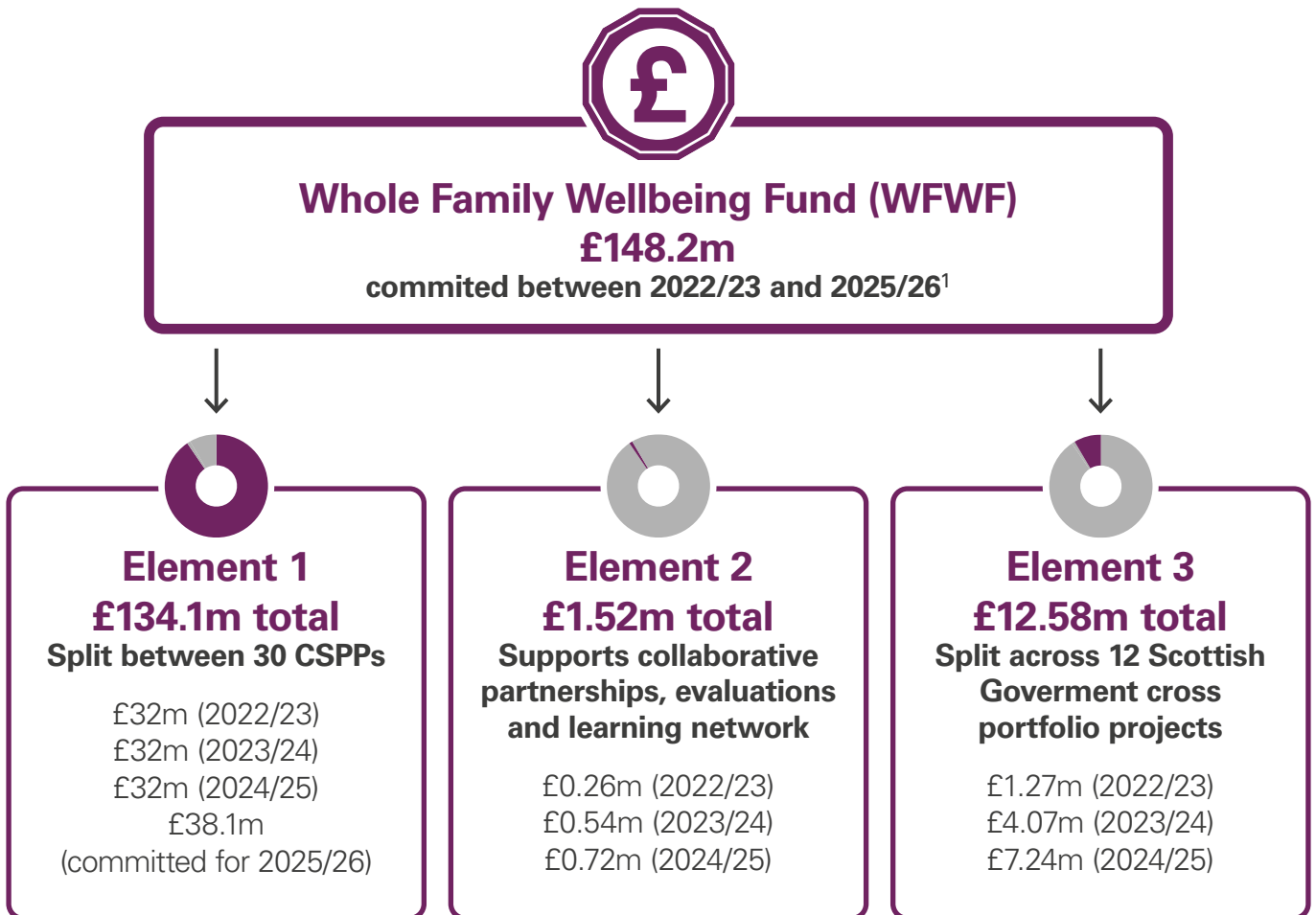
Whole Family Wellbeing Fund (WFWF)

Aimed to enable the development of holistic support services, to give families the help they need, when they need it and reduce reliance on crisis services. The WFWF criteria required funds to be utilised for new or scaled up services, rather than for existing ones.

Exhibit 7.

Whole Family Wellbeing Fund (WFWF)

The £500 million Whole Family Wellbeing Fund is spread across three elements. £148 million has been allocated, with the remainder to be allocated beyond the current parliament.



Note 1. There is additional projected spend for 2025/26 for Elements 2 and 3 which is not included in the £148.2 million.

Source: Scottish Government and Audit Scotland

The Scottish Government has a robust approach to guidance, monitoring, and sharing of learning for the WFWF

86. The Scottish Government issued clear guidance to CSPPs on criterion for using the funds – including the need for projects to be based on local need, informed by consultation and equality and children’s rights impact assessments carried out. The Scottish Government developed a model to support use and oversight of the WFWF, which identified short-, medium- and longer-term outcomes to be achieved. Element 2 funding has supported learning and evaluation, where the Scottish Government:

- **commissioned evaluations of the fund** – the first evaluation assessed CSPPs progress against the outcomes for Elements 1 and 2; the second assessed all three elements
- **established a Learning in Action Network** – brings together representatives from CSPPs to share learning and provides support offerings to individual areas.

It is too early to assess the long-term impact of the WFWF

87. The impact of prevention in terms of both outcomes and cost takes time. Initial evaluations of the WFWF have identified some early progress such as increasing access to support services for families, and enhanced collaborative working. Progress against outcomes relating to leadership and culture were less progressed, which are longer term in nature. For Element 1, there was evidence of CSPPs consulting with children, young people and families for service delivery. However, this level of co-design was not present for broader service design.

88. CSPPs are not required to report on how they will utilise savings generated by the investment to move towards prevention, and use of savings is at the discretion of each area. It is unclear how savings made from WFWF are utilised and there is a risk that savings could be absorbed within wider council budgets.

Short-term funding is a barrier to effective planning, delivery and impact

89. Our audit work has highlighted short-term funding as a key barrier which impacts how funding is planned for and used, for example, The Promise Partnership Fund (Case study 4). Similarly, the CECYP element of the SAC had been useful in providing bespoke support for care-experienced children and young people in education, but single-year funding allocations was a barrier in how the funding could be used.¹⁵

90. The short-term nature of the WFWF has been a key barrier for CSPPs' ability to utilise the funding, leading to challenges filling temporary posts associated with the fund. Other barriers identified relate to:

- **existing infrastructure** – this varies across Scotland, including the maturity of CSPPs' information systems; and relationships with third sector partners, as the third sector were viewed as an enabler
- **capacity** – the time required to apply for funding and scale up new services while maintaining service delivery. For example, these factors were among the challenges cited for East Lothian, which received additional Element 2 funding, as part of its status as one of three **collaborative partnerships**.

Staff delivering services for care-experienced people are committed to delivering The Promise, but more is needed to enable the workforce to optimise its commitment

91. All children need loving relationships and a stable home to thrive. The workforce remains dedicated to delivering The Promise, but long-standing barriers persist ([Exhibit 8, page 44](#)), inhibiting the ability for these relationships to thrive. These challenges are not specific to the children's services workforce, for example the wider workforce across education, health and social care, and police are also under strain.

'All social workers do is write reports.'

Care-experienced young person

'[There's] no time to fit everything in. Staff are exhausted and expected to take on more. We are over-scrutinised and feel like whatever we do it's never enough. So many good practitioners are leaving the workforce due to this and the poor pay.'

Children's services workforce member

The Scottish Government and partners are developing initiatives to support the workforce, with slow progress in some areas and barriers to delivery and the expected impact

92. Plan 24–30 calls for support for the workforce to be 'available, effective, flexible and regular'. People fulfilling these roles require the right conditions to ensure they can provide a nourishing environment for babies, infants, children, young people, adults and families to build a better future.














The **collaborative partnerships** were between a Scottish Government-led transformation team and three CSPPs to drive a whole systems approach to family support at the local and national level.

The three CSPPs were East Ayrshire, Glasgow City and East Lothian, although East Ayrshire concluded early due to local capacity constraints.

Exhibit 8.

The workforce for The Promise is experiencing a range of challenges

Increasing administrative burdens, recruitment and wellbeing are among the key risks.

Competing priorities and increasingly complex roles	Recruitment and retention	Wellbeing
 <p>Over 60 pieces of legislation and competing policies</p>  <p>High volume of caseloads and greater expectations on less experienced staff</p>  <p>Time-intensive administrative work with less time for training, reflective practice and preventative work</p>  <p>45% of foster carers said at least one child they foster is either receiving or is on a waiting list for mental health or wellbeing support</p>	 <p>10% vacancy rate for main grade social workers</p> <p>2% WTE decrease in children’s services social workers since 2020</p>  <p>20% of kinship carers are over age 65</p>  <p>8% decrease between 2022 and 2023 in approved foster care households</p>  <p>55% of foster carers have considered or are still considering resigning</p>	 <p>81% of chief social work officers report always working beyond contracted hours</p>  <p>13% of social workers are very likely to leave the role in the next 12 months</p>  <p>49% of foster carers experienced burnout or poor wellbeing</p>  <p>59% of children and young people social care staff feel safe at work</p>



While focus tends to be on the children’s social work sector, roles across education, health, housing, justice and the wider community are integral.

Children's services workforce

93. The Scottish Government and Scottish Social Services Council (SSSC) are working to support new and enhanced training and development for the social work sector across a number of initiatives. Examples include:

- **Newly Qualified Supported Year in practice programme** – launched in October 2024. The SSSC are assessing the continuous professional learning requirements associated with the programme, to feed into future evaluative work. However, the programme has placed pressures on staff delivering the support.
- **Graduate Apprenticeship in Social Work** – the Scottish Government, Skills Development Scotland and the University of West of Scotland (UWS) have developed a graduate apprenticeship in social work to provide an additional work-based learning route into the profession. Delivery of the Graduate Apprenticeship by UWS was recently approved by SSSC, subject to conditions to be finalised during the 2025/26 academic session.
- **A refreshed common core training framework** – for the integrated children and families workforce. It will focus on the core values, skills and learning to deliver family support and rights-based practice. It is expected to publish in autumn 2025.

Foster and kinship care

94. The availability of support on offer for kinship and foster carers can vary across Scotland. The Scottish Government and partners are working to improve the support available. In August 2023, the Scottish Government introduced the Scottish Recommended Allowance (SRA) for foster and kinship carers to cover costs of a child or young person, in line with commitments from the first implementation plan.

95. Discussions around the need for the SRA have been ongoing for some time, and Scotland was the last UK nation to set a national minimum allowance. Local authorities now receive this through the **General Revenue Grant**. Provision and uplifts of the SRA in line with inflation, as well as carer fees, is up to each provider. Independent research commissioned by the Scottish Government on the SRA received responses from 30 of Scotland's 32 local authorities, reporting:¹⁶

- All local authorities state they are paying foster carers the SRA, or higher, for all children; and 29 reported they are paying formal kinship carers the SRA, or higher, for all children but there was more variability for informal kinship carers.
- The recording of implementation of the SRA across local authorities' websites vary and is not always transparent. COSLA told us that many local areas were already providing the SRA prior to it being set, and so its impact may be limited.



General Revenue Grant

This is part of the grant provided to local government by Scottish Government to support their spending. The General Revenue Grant is not connected to a specific policy initiative so local authorities can decide how they want to use it.

96. The Scottish Government has other work under way to address the significant challenges in foster care. More time is needed to assess their impact. In 2024, it launched a consultation on 'The future of foster care' which aims to develop a flexible approach to foster care; and in May 2025 it launched a national recruitment campaign for foster carers.

97. Keeping brothers and sisters who need care together is a key ambition of The Promise, but challenges in implementation are often due to the availability of accommodation to support family groups. In 2023:

- 79 per cent of fostering services reported difficulties recruiting households who could support family groups
- 32 per cent of children waiting to be matched to adoptive households were part of a family group that services were trying to keep together.

The application and confidence in trauma-informed practice is mixed

98. The Promise calls on all care settings to take a relationship-based approach and underlines the importance of a **trauma-informed** workforce. In 2018, the Scottish Government commissioned NHS Education for Scotland (NES) to lead on a National Trauma Transformation Programme (NTTP), delivered in partnership with COSLA, the Improvement Service and the Resilience Learning Partnership.

99. The rollout of the NTTP is intended to be public sector wide. Nationally, there is no data to measure what proportion of the workforce is 'trauma informed', so it is unclear how well equipped the workforce is. Survey data from March 2024 provides an indication of self-assessed confidence, knowledge, skills and understanding of trauma-informed practice across a range of services from the public, private and third sector. While an improvement from the 2021 survey, responses suggest that there is still work to do with time and capacity cited as barriers:

- 54 per cent of respondents felt very confident or extremely confident in understanding the impact of psychological trauma
- 39 per cent of respondents felt confident or extremely confident in applying the principles of trauma-informed practice.¹⁷



Being **trauma-informed** means being able to recognise when someone may be affected by trauma, collaboratively adjusting how we work to take this into account and responding in a way that supports recovery, does no harm and recognises and supports people's resilience.

'While staff work hard to develop relationships with the children and young people, the limitations around time, consistency and longevity of involvement often works to reinforce the inconsistencies and mistrust they [children and young people] have developed in adults.'

Workforce member

100. The Scottish Government is also delivering specific trauma initiatives for the social work profession, such as the Trauma Responsive Social Work Services Programme (TRSWS). This is being tested across four local areas, with rollout across Scotland planned by 2026.

The third sector plays a crucial role in delivering The Promise and its value should be optimised

101. Third sector organisations often form part of the wider CSPP and is invaluable in delivering The Promise. Services provided span across early intervention and community support, foster, residential and secure care, as well as advocacy and research, but the sustainability of many bodies are at risk due to budgetary pressures and the nature of short-term funding.

102. The third sector often leads the way in delivering change and demonstrates strengths in relationship-based practice, with opportunities for other bodies to develop stronger collaboration with third sector partners. Our audit work highlighted that the third sector is also often not held in the same esteem as other sectors. The Scottish Government review of Children’s Services Plans underlines this:

- 24 out of 30 recorded that the third sector had been involved as a partner in CSPP structures.
- The inclusion of the third sector in planning how resources are utilised is an area for development, as only eight out of 30 plans included information on collective resources and how these would be utilised across different services and partners.

103. Work is under way to improve the inclusion of the third sector in CSPPs more widely. In 2014, the Scottish Government commissioned Children in Scotland to lead on the **Supporting the Third Sector Project**. In January 2024, the project published a self-evaluation tool which aims to help CSPPs collaboratively assess their representation of the third sector and identify areas for improvement.

There is no strategic assessment of the resources required to deliver The Promise

104. Upon accepting the Care Review recommendations in 2020, the Scottish Government did not assess the deliverability of the commitments, including the finances, workforce and wider infrastructure required. The Oversight Board has further outlined a need for alignment between planning, delivery, and governance structures. Without an assessment of the collective resources needed to deliver The Promise, it is not possible to provide assurance that it can be delivered in the proposed timescale.



Supporting the Third Sector Project

A national project which aims to support the third sector to become more involved and influential in local and national planning and decision-making related to improving outcomes for children, young people, and families.

105. The Promise called for a significant initial investment plan to ensure there was the necessary resource in place. The Care Review report 'The Plan' stated that a budget would be developed to support the plan in 2021/22,¹⁸ but this did not take place. No assessment has been carried out since then to assess how the change in context has impacted delivery, for example to assess how the Covid-19 pandemic has impacted delivery or prioritisation of actions.

Total current spending on care experience is unknown

106. The Care Review 'Follow the money' report estimated that in Scotland £942 million per year is spent on the operational costs of the 'care system', but wider costs are much higher, including the costs of universal services and the costs of associated failures.

107. The Scottish Government does not track all spend linked to care experience, with limited capacity to do so. For example, there is no routine monitoring of local authority spending, which accounted for £898 million in the operational costs recorded in the Follow the money report, and data is limited. This makes it difficult to determine the impact of spending and inform decisions on resources.

A workforce plan has not been produced

108. The Scottish Government Implementation Plan committed to producing a joint workforce plan with COSLA in 2024, but this was not developed. The Scottish Government has stated that with support from COSLA and Social Work Scotland, a National Social Work Agency as an executive agency of Scottish Government is due to be set up by spring 2026 and workforce planning for the entire social work profession will be within its remit. This ad hoc approach means that the size, definition, and needs of the workforce required to deliver The Promise across all sectors is unclear.

109. The Scottish Government is starting to assess workforce requirements. A national assessment will provide a foundation for workforce assessments at a local level. However, workforce planning varies across councils. This means that the application of a national workforce strategy will be challenging:

- The Accounts Commission's [Best Value Thematic work in 2023/24](#) on workforce innovation outlined the need for improved workforce planning, including improvements to ensure that councils are fully aligning workforce plans with council priorities.
- The Improvement Service 2024 survey of council's workforce identified variability across councils:
 - 69 per cent had workforce plans at council wide and service level
 - 13 per cent only had service level plans
 - 22 per cent were only at local authority level.¹⁹

Endnotes

- 1** The Promise Scotland is a limited company, established by Scottish ministers and funded by the Scottish Government.
- 2** Review of Scotland's Children's Services Plans (2023–2026): Improving outcomes for children, young people and families, Scottish Government, February 2025.
- 3** Social care: Independent Review of Inspection, Scrutiny and Regulation, Scottish Government, September 2023.
- 4** Current laws around the 'care system', The Promise Scotland, 2024.
- 5** Children (Care, Care Experience and Services Planning) (Scotland) Bill, Financial Memorandum, June 2025.
- 6** Resetting public services: Governance and accountability to keep the promise, The Promise Scotland, September 2024.
- 7** Education, Children and Young People Committee, The Promise – Voice online session, March 2025.
- 8** Children's services reform research: Scotland's children's services landscape: The views and experiences of the children's services workforce, CELCIS, November 2023; Education, Children, and Young People Committee and Who Cares? Scotland – informal evidence session, March 2024; Care Inspectorate, Joint inspections of services for children and young people at risk of harm. Review of findings from the joint inspection programme 2021–2025, August 2025.
- 9** The Promise: Plan 21–24 Evaluation Report by The Diffley Partnership, October 2024.
- 10** 2019 referenced as a baseline year to remove the impact of the pandemic on the trend, as the number of looked after children increased in 2020 compared with 2019. Using 2020 as a baseline shows an 18 per cent fall.
- 11** Looked After Children Data Strategy 2015, Scottish Government, 2015.
- 12** Data Linkage: What is it and what can it tell us about children's lives and experience, CELCIS, November 2024.
- 13** Scoping and delivering a national lifelong advocacy service for care-experienced children, adults and families, The Promise Scotland, 2023.
- 14** Cross border thematic review, Care Inspectorate, July 2024; Transitions for care-experienced young people – a thematic review, Care Inspectorate, November 2024.
- 15** Attainment Scotland fund evaluation: Implementation and impact report 2024, Scottish Government, December 2024.
- 16** Foster and kinship carers – Scottish Recommended Allowance: Implementation review, Scottish Government, July 2025.
- 17** National Trauma Training Programme Survey, Scottish Government, September 2024.
- 18** Independent Care Review, The Plan, February 2020.
- 19** Scotland's Local Government Workforce Report 2024, Society of Personal Development Scotland, Improvement Service, SOLACE, 2024.

Appendix

Thematic enablers and barriers to delivering The Promise

	Enablers	Barriers
 <p>Accountability</p>	<ul style="list-style-type: none"> • Clearly defined roles and plans for sectors and organisations • Existence and effective use of 'champions boards' or similar 	<ul style="list-style-type: none"> • Lack of direction and/or input from some sectors • Non-meaningful engagement
 <p>Policy and legislation</p>	<ul style="list-style-type: none"> • The Promise integrated across strategy locally and nationally 	<ul style="list-style-type: none"> • Several competing policy demands • Numerous legislative frameworks
 <p>Establishment of new entities</p>	<ul style="list-style-type: none"> • Supports The Promise to remain high on the agenda 	<ul style="list-style-type: none"> • Lack of clarity around key roles reduces trust and impact
 <p>Funding</p>	<ul style="list-style-type: none"> • Flexibility of new funds to use beyond current year • Sharing of learning • Robust evaluation 	<ul style="list-style-type: none"> • Short-term nature of funding • Various disparate funding sources • Challenge in measuring prevention • Absence of strategic assessment of total current / future funding
 <p>Workforce</p>	<ul style="list-style-type: none"> • Value of third sector and relationship-based practice • Dedication of workforce 	<ul style="list-style-type: none"> • Time intensive administrative tasks impact time available for training • Recruitment and retention • No clear definition of workforce or assessment • Wellbeing and burnout
 <p>Data</p>	<ul style="list-style-type: none"> • New and improved data sets providing insights into key issues • Using data to understand population needs and measure impact 	<ul style="list-style-type: none"> • Time for data infrastructure to embed • Data sharing and gaps • Analytical capacity and skills

Improving care experience

Delivering The Promise



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

Phone: 0131 625 1500

www.audit.scot

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South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 3 December 2025**

Subject: Accounts Commission – Senior Officer Exit Packages

1. Purpose

- 1.1 The purpose of this report is to advise the Panel of the Accounts Commission report relating to the 2023/24 Audit of Glasgow City Council – Senior Officer Exit Packages and to determine if any changes are required to the Council's Scheme of Delegation.

2. Recommendation

2.1 It is recommended that the Panel

2.1.1 considers the findings outlined in the Accounts Commission report relating to the 2023/24 Audit of Glasgow City Council – Senior Officer Exit Packages (attached as Appendix 1); and

2.1.2 notes that there are no changes required to the Council's current Scheme of Delegation as the control of the Chief Officer establishment is a power reserved to Council ensuring good governance and full transparency in relation to decision making on these matters.

3. Background

- 3.1 In September 2025, the Accounts Commission published a report relating to The 2023/24 Audit of Glasgow City Council – Senior Officer Exit Packages (Appendix 1).

- 3.2 On 8 September 2025, the Deputy Chair of the Accounts Commission wrote to the Leader and the Chief Executive suggesting that the contents of his letter (attached as Appendix 2) and the issues highlighted by the report be discussed by the Council's audit and scrutiny committee.

- 3.3 He further suggested that steps be taken to review the Council's Scheme of Delegation and decision-making processes; to ensure that all officers and Members are familiar with the Standards Commission for Scotland's Key Principles of Public Life; and to ensure that the Council can evidence that its organisational culture respects and supports them fully.

4. Detail

4.1 Audit Scotland and Accounts Commission reports are regularly considered by the Audit and Governance Panel, and it is proposed that Members consider and note the terms of the Accounts Commission report.

4.2 As detailed in Appendix 1 (page 3 to 5) the Accounts Commission made six key findings in relation to the Controller of Audit's report on a matter arising from the 2023/24 audit of Glasgow City Council in relation to the scrutiny, governance and transparency of decision-making of exit packages of senior officers which are summarised below:

- i) The Commission welcomed the actions of the new chief executive of Glasgow City Council in commissioning an internal review and an independent investigation of these issues following discussions with appointed auditors, and for reporting the findings of the investigation publicly;
- ii) Given that Councils are required (under the under Section 4 of the Local Government and Housing Act 1989), to have a 'head of paid service', and that this is ordinarily the post of chief executive, the Commission found it hard to understand how this post was part of a senior management restructuring package, developed in February 2021 (and presented in the 'Restructure Report'), aimed at cost savings and efficiency;
- iii) The commission consider that the restructuring package was dealt with in a manner inconsistent with the Key Principles of Public Life in Scotland;
- iv) Given the seniority of the officers associated with these exit packages, the Commissions clear view was that a full report should have been presented to the relevant committee for approval;
- v) As Councils continue to face financial challenges, service redesign and restructuring will be a necessary part of responding, so transparency around decision-making is essential; and
- vi) Given the serious issues highlighted in the Controller's report, the Commission considered carefully the most appropriate way to use the powers available to it, including holding a hearing, making recommendations to Scottish ministers or censuring in light of the concerning issues presented. In reaching their findings, the Commission have considered the legal advice provided to Glasgow City Council and the action already taken. On this occasion, the commission have decided to take proactive steps to ensure that all local government bodies recognise the important lessons presented here, including writing to all council chief executives and leaders to highlight the importance of good governance and transparency in decision-making.

4.3 In considering the six key findings above, panel members should note that:

- 4.3.1 By bringing this report before the Audit and Scrutiny Panel the Council is adhering to the recommendation of Accounts Commission, and specifically the letter from the Controller of Audit (Appendix 2), to ensure the recognition of the important lessons presented by the report, highlighting good governance and transparency in decisions making;

- 4.3.2 In terms of the Council's Scheme of Delegation, Section 1: Powers reserved to Council, Non-Statutory Reservation 15 states the following:

Chief Officers and Statutory Appointments

15.1 *To exercise control over the establishment of Chief Officers;*

15.2 *To determine the process for selection, appointment and dismissal of the Chief Executive, any Director, any Head of Service or any Assistant Director and to fix the salaries of these officers; and*

15.3 *To appoint officers for the purposes, or to perform the roles, detailed in Section 8 of this Scheme.*

- 4.3.3 This reserved power means that any decision relating to the Chief Officer structure and positions contained therein requires to be undertaken by Council. It is not delegated to any other cabinet, panel or officer, thereby ensuring good governance and full transparency in all decision making in relation to Chief Officer matters.

- 4.3.4 The nine Key Principles of Public Life in Scotland in terms of expectations on how elected members and officers of public bodies, including Councils, should conduct themselves, as outlined in the attached Accounts Commission report are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership
- Public Service
- Respect

Training on these matters was provide to all Elected Members following the formation of the Council after the most recent Local Government election in May 2022. Refresher training on this was more recently provided to Elected Members and Chief Officers by the Standards Commission in September 2024.

- 4.4 Given the considerations outlined in 4.3 above there is no requirement to amend the Council's Scheme Delegation as good governance and full transparency arrangements are already in place within the Council.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.

- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Not applicable.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. **Link to Shaping Our Future Council** Yes No

13.1 Not applicable.

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Ian Davis, Policy Lead for Finance and Corporate Services, and the contents of this report reflect any feedback provided.

Background Papers [Standards Commission for Scotland – Key Principles of Public Life – 3 January 2024](#)

Person to Contact Tim Baulk, Chief Financial Officer
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612620
E-mail tim.baulk@south-ayrshire.gov.uk

Date: 21 November 2025

The 2023/24 audit of Glasgow City Council

Senior officer exit packages



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
September 2025

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Accessibility

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Commission findings

The Accounts Commission accepts the Controller of Audit's report on a matter arising from the 2023/24 audit of Glasgow City Council in relation to the scrutiny, governance and transparency of decision-making of exit packages of senior officers. The Commission welcomes that the Controller used her powers to bring this issue to its attention, and notes she was able to draw on the independent investigation of the issue undertaken by Brodies LLP (on behalf of the council), as well as the annual audit report. The Brodies LLP report was itself supported by the report of a King's Counsel (KC), whom Brodies had instructed to review and provide an opinion on its investigation.

Following consideration of the Controller's report (presented at [page 6](#)) at its meeting on 14 August, the Commission has made the findings presented below.

- 1 The Commission welcomes the actions of the new chief executive of Glasgow City Council in commissioning an internal review and an independent investigation of these issues following discussions with appointed auditors, and for reporting the findings of the investigation publicly. We note that the 2023/24 annual audit report shows the council has accepted many of the recommendations and look forward to seeing the auditors' review of progress in the 2024/25 annual audit. We expect the council to have strong evidence of good governance, scrutiny, and value for money and to present clear business cases for future restructuring.
- 2 Given that councils are required (under the under Section 4 of the [Local Government and Housing Act 1989](#)), to have a 'head of paid service', and that this is ordinarily the post of chief executive, we find it hard to understand how this post was part of a senior management restructuring package, developed in February 2021 (and presented in the 'Restructure Report'), aimed at cost savings and efficiency. Within the final Restructure Report, an Executive Director post, deleted in January 2021, was linked to the early retirement of the chief executive, and subsequently included as part of payback period calculations. As the Brodies report states, the savings

associated with the deleted post had already been achieved. Based on the information considered, it is our view that the rationale for the former chief executive's retirement contributing to efficiencies was, at best, unclear.

- 3** We consider that the restructuring package was dealt with in a manner inconsistent with the [Key Principles of Public Life in Scotland](#), in particular selflessness, integrity and objectivity. The Restructure Report appears to have been approved by some individuals who then benefitted from its proposals. This exhibits a failure to address and document potential conflicts of interest (that should have been obvious to such senior and experienced officers) and displays a lack of judgement in relation to how their actions adhered to the principles. The council should take action to ensure that all officers and members are not only familiar with the principles but that the organisational culture respects and supports them fully. The council must also ensure that independent scrutiny is applied to issues and decisions where there are potential conflicts of interest.
- 4** Given the seniority of the officers associated with these exit packages, our clear view is that a full report should have been presented to the relevant committee for approval. Within the Scheme of Delegation used during this period, consideration of whether to involve elected members was a 'judgement call' by officers based on whether an issue could be considered politically controversial. Given the significance of the post of chief executive, linking it to efficiency savings should have been subject to independent scrutiny. Had elected members been involved at key stages, their scrutiny could have mitigated some of the justified criticisms around perceived conflicts of interest.
- 5** As councils continue to face financial challenges, service redesign and restructuring will be a necessary part of responding, so transparency around decision-making is essential. The decisions of elected members and officers should uphold the nine Key Principles of Public Life in Scotland – selflessness, integrity, objectivity, accountability, openness, honesty, leadership, public services, respect. Where decisions around restructuring and exit packages are being taken, councils must ensure there is clear evidence of effective governance, independent scrutiny, and robust and transparent record keeping.

6 It is alarming to see reports which need to consider the lawfulness of actions within councils, and such circumstances do little to reassure taxpayers about how public money is being used. Given the serious issues highlighted in the Controller's report, the Commission considered carefully the most appropriate way to use the powers available to it, including holding a hearing, making recommendations to Scottish ministers or censuring in light of the concerning issues presented. In reaching our findings, we have considered the legal advice provided to Glasgow City Council and the action already taken. On this occasion, we have decided to take proactive steps to ensure that all local government bodies recognise the important lessons presented here, including writing to all council chief executives and leaders to highlight the importance of good governance and transparency in decision-making.

Introduction

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

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

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

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

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

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

Background

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

- the former solicitor to the council and director of governance
- the former principal advisor to the chief executive
- the former head of human resources
- the former head of legal and administration and latterly director of legal and administration
- the former chief executive.

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

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

8. The leader of the council and city treasurer raised concerns after publication of the unaudited financial statements, which included details of the pension costs and payments in relation to loss of office, were published. The new chief executive launched an internal review into these matters which led to the commissioning of an independent review, including legal advice.

9. In March and April 2025, the outcome of the independent review was reported to three of the council's committees for consideration. Subsequently, proposed changes to strengthen its governance arrangements in relation to workforce and service reform, were considered and agreed at a meeting of the council on 15 May 2025. A timeline of these events is set out in [Exhibit 1](#). It is important to note that the Brodies independent investigation states that 'we did not find any evidence

allowing us to conclude that any recipient of any severance/retirement package, or any other officer, acted improperly’.

Exhibit 1



Timeline of key events

2021 to 2024

January/February 2021	As part of planning for the restructuring of the council’s Chief Executive’s Department, a business case was developed which set out the proposed financial arrangements for the exit of five senior officers within the department.
April 2021	The former solicitor to the council and director of governance left the council. She received a sum of £95,000 voluntary separation payment.
July 2021	The former principal advisor to the chief executive left, receiving early unreduced access to her pension and redundancy, totalling benefits of just under £192,000.
January 2023	The former head of human resources left, receiving early unreduced access to his pension and redundancy, totalling benefits of just under £148,000.
September 2023	The former head of legal and administration (latterly the director) left, receiving early unreduced access to her pension and redundancy totalling benefits of £283,000.
May 2024	The former chief executive left, receiving early unreduced access to her pension at a cost of £317,000 to the council.
July 2024	The council published its unaudited financial statements, including the remuneration report, disclosing costs associated with the early retirement of the former chief executive and former director of legal and administration.
August 2024	The accounts and financial statements were reported to the council’s Finance and Audit Scrutiny Committee.
September 2024	An internal review was commissioned by the new chief executive to be performed by the council’s monitoring officer and head of audit and inspection.
October 2024	The appointed auditor was notified about the internal review and about the restructure report.
December 2024	The council instructed Brodies LLP to investigate and prepare an independent report on these matters.



Timeline of key events

2025

February 2025	Brodies LLP provided the report of its investigation. This included the report of a King's Counsel (KC), Brodies had instructed to review and provide an opinion on its investigation.
March 2025	The council's Finance and Audit Scrutiny Committee considered in public, a report by the chief executive on the findings of the independent investigation by Brodies of senior officer exit payments. This included provision of the full Brodies report and KC opinion.
April 2025	The council's Wellbeing, Equalities, Communities, Culture and Engagement Policy Committee considered a report setting out the findings and recommendations of the independent review of the arrangements for the chief officer departures.
April 2025	A special meeting of the council's Finance and Audit Scrutiny Committee was held to consider the annual accounts and annual audit report, including the external auditor's comments on the exit payments.
May 2025	The council's City Administration Committee considered a paper on the review of arrangements for chief officer departures and proposed changes.
May 2025	The former chief executive reached an agreement with Strathclyde Pension Fund which, with the approval of the council, resulted in repayment to the council of the strain on the fund cost associated with her early retirement.
May 2025	Glasgow City Council agreed proposed changes to the terms of reference of committees and the scheme of delegated functions, in response to the independent review.

Source: Audit Scotland

How decisions were made

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

The role of the Chief Executive's Department

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

11. In Glasgow City Council, the main services of the Chief Executive's Department include for example: Policy, Corporate governance and communication; Legal and administration; Human resources; Corporate procurement; Digital services; Customer care; Financial inclusion and Economic development.

Restructuring requires good governance

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

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

Exhibit 2

Principles of public life

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



1. Selflessness

Acting solely in the public interest.



2. Integrity

Avoiding obligations that might influence official duties.



3. Objectivity

Making decisions impartially and on merit.



4. Accountability

Being answerable to the public and open to scrutiny.



5. Openness

Acting transparently and justifying decisions.



6. Honesty

Being truthful and declaring conflicts of interest.



7. Leadership

Promoting and upholding these principles through example.



8. Public service

Acting in the interests of the public body and fulfilling its core tasks.



9. Respect

Treating colleagues and staff with courtesy and valuing their roles.

Source: Scottish Government/Audit Scotland

How decisions were made

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

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

- the post of solicitor to the council and director of governance (Grade 13) be made redundant, with its functions merged into other senior roles. A new role of solicitor to the council and monitoring officer (Grade 12) would be created
- the post of solicitor to the council and monitoring officer be subject to a '**bump redundancy**', and a legal manager post (Grade 10) deleted
- the post of principal adviser to the chief executive (Grade 11) be made redundant, with its functions merged into a new head of performance and governance role
- the post of head of human resources (Grade 11) be subject to a bump redundancy, and a strategic HR manager post (Grade 11) deleted
- the chief executive (Grade 15) take early retirement in or around late 2022 on grounds of efficiency, with an estimated cost of £349,095.

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

15. In February 2021, the former executive director of finance sent an email to the chief executive stating: 'I can confirm that each individual case and the overall project are consistent with council policy and the business case is comfortably within target parameters. I am therefore fully supportive of the proposals as outlined in the paper.' There is no explicit evidence of the chief executive, the director of governance and solicitor to the council approving the restructure report, as required at that time by the scheme of delegated functions. The independent review concludes that it is implicit in the collective correspondence about the report. There does not appear to be a clear document trail recording definitively the decision-making in relation to approval of the restructure report.

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

16. The independent review concluded that approval requirements were met for the exit terms of the solicitor to the council, the principal adviser to the chief executive, head of/director of legal and administration and head of human resources.

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

18. The independent review concludes that ‘it is not clear whether [the solicitor to the council’s] departure can be said to fall within the scope of the council’s policies on redundancy and early retirement’ as it was not formally a redundancy. She received a severance payment of £95,000 as an agreed sum to be paid on her resignation. She did not receive redundancy or early access to her pension.

Approval of the chief executive’s exit did not follow the scheme of delegated functions

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

20. The former chief executive highlighted in her statement to the independent review that in her view, as the role didn’t fall under ‘chief officials’ that the scheme permitted her to delegate approval to the executive director of finance and head of human resources, as for non-chief officials. Her view is the approval was given at the time the restructure report was written in 2021.

21. The independent review also draws attention to an email in March 2024 from an HR officer sent to both the new head of human resources and the executive director of finance with the request for the former chief executive’s early retirement, which was approved on the same day. The independent review notes, however, that it appears that the executive director of finance and the new head of human resources did not consider they were formally approving the application but that their function was to check the application complied with relevant council policies.

Elected members were not involved in decision-making or approval processes

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

23. What can be considered politically controversial is a judgement, however it is reasonable to consider the early retirement of the chief executive on efficiency grounds, and the operational and financial implications of this could meet this description, and it is not clear what consideration was given to this issue. The independent review concluded that officers should have referred the restructure report to the relevant city convener for consultation as a matter of potential political controversy.

24. Councillors do not, however, appear to have been involved in the decision-making or approval processes for the exit packages for any of the five senior officers, including the chief executive. There is no evidence of the proposals and terms being discussed with councillors and the

restructure report was not shared with councillors or presented at committee for approval.

Appropriate scrutiny, transparency and accountability was lacking

25. As highlighted at paragraph nine, it is important to note that the independent investigation states that ‘we did not find any evidence allowing us to conclude that any recipient of any severance/retirement package, or any other officer, acted improperly’. However, in the interests of transparency and good governance, the absence of a clear document trail, setting out the decisions and approvals required for the restructure report, including the consideration of potential conflicts of interest and the need to involve councillors, is concerning.

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

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

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

28. The appointed auditor notes in the AAR that the actual total cost of the exit of the five senior officers was £1.035 million as opposed to the cost of the proposals in the restructure report of £1.025 million. The difference reflects updated figures since the time of the business case in 2021, as well as changes to planned leaving dates.

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

30. There is no reference within the restructure report to alternative mechanisms for change being considered. The auditor comments in the AAR that ‘while we note in circumstances where restructures involve senior officers, alternative options such as redeployment are often not

practical or possible, we would expect consideration of all options to be evaluated. In this specific instance, it's unclear why early retirement and redundancy was the best solution to address concerns around succession planning'.

31. It is particularly difficult to see the justification for the chief executive's early retirement on the grounds of cost savings and succession planning, as the post of chief executive remains within the structure. In February 2024, the request to approve the terms of the chief executive's early retirement, made to the head of human resources and the executive director of finance for approval, was made on the grounds of efficiency.

32. A final amendment made to the restructure report before its approval by officers was to include a link between the deletion of the post of executive director of development and regeneration services and the early retirement of the chief executive. The deletion of the role was approved by the council's City Administration Committee in January 2021, but the rationale for the link to support the case for the chief executive's retirement contributing to savings is unclear.

The council's response

How the council are taking action to address the issues raised

The council's response and actions taken

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

33. In September 2024, the council's new chief executive commissioned the council's monitoring officer and head of audit and inspection to undertake an internal review of the arrangements for the departure of senior officers.

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

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

Exhibit 3

Key findings of independent legal review



Severance terms offered to each of the officers were in accordance with applicable council policies.



The justification for the early retirement of the former chief executive was not supported by the restructure report or accompanying correspondence and there was no clear justification for linking her retirement with the deletion of the post of executive director of development and regeneration services.



The restructure report should have been the subject of elected member input, rather than being approved solely by officers, particularly as the officers who were involved in approving it also benefitted from its terms by being proposed for early retirement/severance packages. No evidence was found that elected members were asked to approve the report or individual applications for severance/retirement. There was also no evidence that elected members had any knowledge of the details of the departures prior to the publication of the remuneration report as part of the unaudited annual accounts for 2023/24.



It is considered that the former chief executive's application for early retirement was not, on the face of it, lawfully approved in terms of the council's Scheme of Delegated Functions. However, it was considered unlikely that a judicial review would overturn the decision, given the detriment to the former chief executive and the time passed.



That the pension strain costs which formed part of four of the five redundancy/early retirement packages under investigation were mandatory in terms of the council's policy and the Local Government Pension Scheme Regulations.



It is considered that there is no reasonable basis for the recovery of the sums paid by the council in respect of the five early retirement/redundancy packages.

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

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

The council are making updates to governance structures and policy

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

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

- Clarity in the scheme that the term chief officers refers to all officers grade 12 and above, including the chief executive.
- Changing the title of the Senior Officer Appointment Committee to the Senior Officer Workforce Committee and changing the remit to consider not only appointments of senior officers but also the approval of proposals involving early retirement or redundancy of officers of grade 12 or above.
- Adding the director of legal and administration to the senior officers required to approve changes to staffing structures, numbers and gradings.
- Deleting the previous delegation, which authorised the chief executive to approve applications from chief officials for early retirement and voluntary severance.
- Adding an express delegation relating to the early retirement and voluntary severance of the chief executive, giving authority to the Chair of the Corporate Workforce Planning Board to recommend proposals to the Senior Officer Workforce Committee.

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

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

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

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

No legal basis for recovery

42. The independent review concluded that there is no reasonable basis for the recovery of the sums paid by the council in respect of the five early retirement/redundancy packages. The current chief executive advised that in early May 2025, legal representation for the former chief executive arranged for an agreement to be made with Strathclyde Pension Fund and the council. This resulted in the repayment, from Strathclyde Pension Fund to the council, of the strain on the pension fund of £317,000, stemming from her early retirement.

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

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

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

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

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

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

Lessons learnt for all councils

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

- Are their schemes of delegation and codes of conduct fit for purpose and do they reflect the principles of public life?
- Does the scheme of delegation include a clear process for considering proposals and approvals for restructure, redundancy and retirement and does it appropriately manage potential conflicts of interest?
- Is there appropriate officer and councillor scrutiny of the decision-making processes in relation to restructure, redundancy and retirement?
- Is there a good understanding and implementation of the requirements set out in the scheme of delegation relating to restructure, redundancy and retirement, through training and monitoring?
- Does the prevailing culture among senior officers reflect the standards and behaviours required by the principles of public life?

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

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

48. Messages from these reports remain relevant and councils should remain cognisant of these as they undertake restructuring and reorganisation that includes the early exit of senior members of staff,

senior council members and senior staff in bodies in the group accounts. Listed below are recommendations from the 2003 report of note:

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

The 2023/24 audit of Glasgow City Council

Senior officer exit packages



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: info@audit.scot
www.audit.scot

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To All Leaders and Chief Executives
Copied to: Directors of Finance; External auditors

08 September 2025

Dear Leader and Chief Executive,

On 14 August, the Accounts Commission considered a report from the Controller of Audit (under powers in s102 (1) of the Local Government (Scotland) Act 1973) in relation to **the scrutiny, governance and transparency of decision making of exit packages of senior officers in Glasgow City Council**. The Controller highlighted issues and serious concerns on how decisions were made around these exit packages and set out the council's response. The Commission welcomed the actions of the new chief executive in commissioning an internal review, an independent investigation of these issues and reporting the outcome publicly. I look forward to discussing this matter further with the Glasgow City Council when we meet in the coming weeks.

In response to the Controller's report, the Commission considered carefully the most appropriate way to use the powers available to it, including holding a hearing, making recommendations to Scottish Ministers or censuring in light of the concerning issues presented in the report. On this occasion, [alongside publishing findings](#), it is vital that all councils take action to recognise the important learnings from this report. The Commission expects that this letter - also copied to Directors of Finance and external auditors - and the issues the report highlights, will be discussed by your audit and scrutiny committee. We expect that steps will be taken to review your Scheme of Delegation and decision-making processes.

The Commission recognises that as councils continue to face financial challenges, service redesign and restructuring are key tools available to councils to respond to these challenges. However, transparency and good governance around decision-making is essential. The decisions of elected members and officers should uphold the nine [Key Principles of Public Life in Scotland](#) – *selflessness, integrity, objectivity, accountability, openness, honesty, leadership, public services, respect*. Sadly, the Commission believes that the way in which the restructuring packages were dealt with in this case did not.

Where decisions around restructuring and exit packages are being taken, councils must ensure there is **clear evidence of effective governance, independent scrutiny, and value for money, as well as robust and transparent record keeping**. Lessons learnt are set out clearly in our report at paragraphs 46 - 48.

Concerningly, this recent report is not the first time that this issue has been considered by the Accounts Commission. In 1997 and 2003, reports were published on managing early retirement and their key messages are as relevant today as they were then, not only for decisions relating to early retirement packages but also to any senior officer exit packages. Below are five key recommendations from the 2003 report, adapted for today's context:

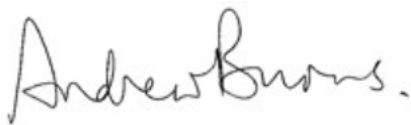
1. **Frameworks for decision-making:** policies in relation to the exit packages of senior officers should be approved by councillors and reviewed regularly.
2. **Informing councillors:** councillors should receive a report at least annually that details the number of early retirements, and redundancy decisions made in the year, along with the associated costs and savings attached to these decisions.
3. **Decision-making:** councils should rigorously appraise individual business cases to ensure the expected savings associated with a retirement or redundancy outweigh the costs, ensuring value for money.
4. **To improve accountability** and assist in monitoring, the costs of early retirement should be charged to the appropriate service budget.
5. **Elected members should be involved** in approving early retirement and redundancy decisions for senior staff, providing the independent scrutiny that is essential to issues and decisions where there are potential conflicts of interest.

I would urge all councils to take action now to ensure that all officers and members are familiar with the Key Principles of Public Life, and that you can evidence that your organisational culture respects and supports them fully.

If you have any questions or queries in relation to the report on Glasgow City Council or on any other aspect of the Commission's work, please do not hesitate to get in touch: acsupport@audit-scotland.gov.uk

I look forward to engaging with you in the future.

Yours sincerely,

A handwritten signature in black ink that reads "Andrew Burns". The signature is written in a cursive, slightly slanted style.

Andrew Burns
Deputy Chair, Accounts Commission

South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 3 December 2025**

Subject: Treasury Management and Investment Strategy Mid-Year Report 2025/26

1. Purpose

1.1 The purpose of this report is to provide Members with a mid-year treasury management update for the financial year 2025/26.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 scrutinises the contents of this report; and

2.1.2 remits the report to the full council meeting of 19 February 2026 for approval.

3. Background

Treasury Management

3.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned to meet expenditure commitments but also to invest surplus monies in low-risk counterparties (organisations with which the Council has a financial relationship in terms of borrowings or investments), providing adequate liquidity initially before considering optimising investment return.

3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash will involve arranging long or short-term loans or using longer term cash flow surpluses. In addition, in certain interest rate environments debt previously drawn may be restructured to meet Council risk or cost objectives.

3.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

4./

4. Detail

4.1 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and provides an update on activity in [Appendix 1](#) and [Appendix 2](#) on the following:

4.1.1 [Appendix 1](#) – *Economic Update and Interest rates*

Section	Description
1.	Economics and Interest Rates
2.	Interest Rates Forecast

4.1.2 [Appendix 2](#) – *Treasury Activity*

Section	Description
1.1 to 1.2	The Council's Capital Expenditure plans and Capital Financing Requirement (CFR);
2.1	Borrowing Strategy for 2025/26
3.1 to 3.2	Review of Investment Strategy and Performance
4.1	Review of compliance with Treasury and Prudential Limits for 2025/26
5.1	Borrowing in advance; and
6.1	Debt Re-scheduling.
7.1 to 7.3	Other

4.2 The Panel is requested to scrutinise the contents of this report; and thereafter agree to remit the report to the Council meeting of 5 March 2026 for approval, in accordance with the requirements of the CIPFA Code.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 *General Services*

6.1.1 **Interest on Revenue Balances** - the Council budgeted for investment income £1.93m in 2025/26, based on an estimate of the average revenue balances held during the year. Budgeted at achieving an assumed interest rate return of 4.00% on these balances.

At September 2025 (Qtr2) the full year budgeted income is projected at £1.784m, a shortfall of £0.146m.

6.1.2 **Capital Financing Costs** - the budget for loan charges in 2025/26 is £20.133m comprising £6.408m for loan principal, £13.552m for interest costs and £0.173m for loans fund expenses.

The current projection for loans charges to the General Fund is an underspend of £0.516m in interest and expenses. This offsets the projected shortfall of income of £0.146m bringing an overall underspend of £0.370m.

This underspend will be monitored in conjunction with the capital programme and the projected borrowing.

6.2 **Housing Revenue Account (HRA)**

6.2.1 **Interest on Revenue Balances** - the HRA budgeted for investment income of £0.400m in 2025/26, based on an estimate of the average revenue balances held during the year. Budgeted at achieving an assumed interest rate return of 4.00% on these balances.

At September 2025 (Qtr2) the full year estimate for investment income earned is £0.324m resulting in a shortfall of £0.076m.

6.2.2 **Capital Financing Costs** - the budget for HRA loan charges in 2025/26 is £9.016m, comprising £3.361m for loan principal, £5.584m for interest costs and £0.071m for loans fund expenses.

The current projection for HRA loan charges is an underspend of £0.058m in interest and expenses. This offsets the projected shortfall of income of £0.076m resulting in an overall overspend of £0.018m.

This overspend has resulted from lower than projected investment income and will be monitored closely, in conjunction with the capital programme.

7. **Human Resources Implications**

7.1 Not applicable.

8. **Risk**

8.1 ***Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

8.2 ***Risk Implications of Rejecting the Recommendations***

8.2.1 If the recommendations are rejected, then the Council will be non-compliant with the requirements contained in both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

9. **Integrated Impact Assessment (incorporating Equalities)**

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10./

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

13. Link to Shaping Our Future Council Yes No

- 13.1 Not applicable.

14. Results of Consultation

- 14.1 There has been no public consultation on the contents of this report.
- 14.2 Consultation has taken place with Councillor Ian Davis, Policy Lead for Finance and Corporate Services, and the contents of this report reflect any feedback provided.

Background Papers **CIPFA Code of Practice for Treasury Management in the Public Services**

Report to South Ayrshire Council of 6 March 2025 – [Treasury and Investment Strategy 2025/26](#)

Person to Contact **Tim Baulk, Chief Financial Officer**
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612620
E-mail tim.baulk@south-ayrshire.gov.uk

Date: 21 November 2025

Economic Update and Interest Rates

1. Economic update

- The first half of 2025/26 saw:

A 0.3% pick up in Gross Domestic Product (GDP) for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.

The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.

Consumer Price Index (CPI) inflation has fluctuated but finished September at 3.8%, whilst core inflation eased to 3.6%.

The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August. At the Monetary Policy Commission meeting on 6th November, they voted to hold the base rate at 4.0%.

The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.

- From a GDP perspective, the financial year got off to a uneven start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July will have caused some concern, with the hikes in taxes for businesses that took place in April this year undoubtedly playing a part in restraining growth. The weak overseas environment is also likely to have contributed to the 1.3% m/m fall in manufacturing output in July. That was the second large fall in three months and left the 3m/3m rate at a 20-month low of -1.1%. The 0.1% m/m rise in services output kept its 3m/3m rate at 0.4%, supported by stronger output in the health and arts/entertainment sectors. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November will continue to affect GDP growth for a while. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.
- The composite Purchasing Manager Index (PMI) for the UK fell from 53.5 in August to 51.0 in September. The decline was mostly driven by a fall in the services PMI, which declined from 54.2 to 51.9. The manufacturing PMI output balance also fell, from 49.3 to 45.4. That was due to both weak overseas demand (the new exports orders balance fell for the fourth month in a row) and the cyber-attack-induced shutdown at Jaguar Land Rover since 1 September reducing car production across the automotive supply chain. The PMIs suggest tepid growth is the best that can be expected when the Q3 GDP numbers are released.
- Turning to retail sales, and the 0.5% m/m rise in volumes in August was the third such rise in a row and was driven by gains in all the major categories except fuel sales, which fell by 2.0% m/m. Sales may have been supported by the warmer-than-usual weather. If sales were just flat in September, then in Q3 sales volumes would be up 0.7% q/q compared to the 0.2% q/q gain in Q2.

- Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the Office of Budget Responsibility (OBR) forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget is even greater with a cumulative deficit of £15.3bn. All this was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts have fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure has overshot by a total of £3.7bn (partly due to social benefits and departmental spending). Furthermore, what very much matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the Chancellor's fiscal mandate bites. As a general guide, Capital Economics forecasts a deficit of about £18bn, meaning the Chancellor will have to raise £28bn, mostly through higher taxes, if she wants to keep her buffer against her rule of £10bn.
- The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October Budget. The number of job vacancies in the three months to August stood at 728,000. Vacancies have now fallen by approximately 47% since its peak in April 2022. All this suggests the labour market continues to loosen, albeit at a declining pace.
- A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.8% in July. The rate for the private sector slipped from 5.5% to 4.7%, putting it on track to be in line with the Bank of England's Q3 forecast (4.6% for September).
- CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, though, inflation pressures have resurfaced, although there was no increase in CPI inflation in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. So, the first half of the financial year finishes in a similar position to where it started, although with food inflation rising to an 18-month high of 5.1% and households' expectations for inflation standing at a six year high, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout the past six months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about higher inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets

increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended Q2 at 4.50%.

- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, higher than forecast inflation, resilient activity data and an uncompromising Bank of England have kept yields elevated over 4.70%.
- The FTSE 100 fell sharply following the "Liberation Day" tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 closed Q2 at 8,761, around 2% higher than its value at the end of Q1 and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has seen a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and conciliatory signals from Federal Reserve Chair Powell. September proved more volatile and the FTSE 100 closed Q3 at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors' global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings.

MPC meetings: 8 May, 19 June, 7 August, 18 September 2025, 6th November 2025

- There were four Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for signs of weak demand and higher inflation expectations, mainly from rising food prices. By repeating the well-used phrase gradual and careful, the MPC continued to suggest that rates would be reduced further.
- In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% demonstrated the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC will be wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- In November, the Monetary Policy Committee voted by a majority 5-4 to maintain the bank base rate at 4.0%.
- The Bank of England does not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting

saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction).

- In November, the Monetary Policy Committee voted by a majority 5-4 to maintain the bank base rate at 4.0%.
- The Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that “a gradual and careful” approach to rate cuts is appropriate suggests the Bank still thinks interest rates will fall further but possibly not until February, which aligns with both our own view and that of the prevailing market sentiment.

2. Interest Rates Forecast

The Authority has appointed MUFG Corporate Markets as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The Public Works Loan Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

MUFG Corporate Markets’ latest forecast on 11 August sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the continued higher of inflation and a continuing tight labour market, as well as the size of gilt issuance.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

Treasury Activity

1.1 The Council's Capital Expenditure Plans and Capital Financing Requirement (CFR)

- (1) The following section provides the information relating to the 2025/26 capital position and prudential indicators.
- The Council's capital expenditure plans.
 - How these plans are being financed.
 - The impact of the capital expenditure plans on the prudential indicators and the underlying need to borrow.
 - Compliance with the limits in place for borrowing activity.
- (2) The tables below draw together the main movement in terms of the capital expenditure plans compared to the original plan, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements for capital expenditure. The borrowing element of Table 1 for both General Services and HRA below revises the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR).

Table 1 – Prudential Indicators

	<i>2025/26 Original Estimate £'000</i>	<i>2025/26 Latest Estimate £'000</i>
Prudential Indicator – General Services		
Capital Expenditure	86,237	71,225
General Services - Financed By		
General and Specific Grant	10,535	11,193
Capital Receipts/Other	12,215	18,822
Borrowing	63,487	41,210
	86,237	71,225
Prudential Indicator – HRA		
Capital Expenditure	58,057	43,153
HRA - Financed By		
Borrowing	39,005	38,086
CFCR, Draw on surplus	3,226	3,226
Other Receipts/ Grants	15,826	1,841
	58,057	43,153

1.2 Capital Financing Requirement, Debt Position and Operational Boundary Indicators

- (1) Table 2 shows the CFR, which is the underlying need to incur borrowing for a capital purpose.

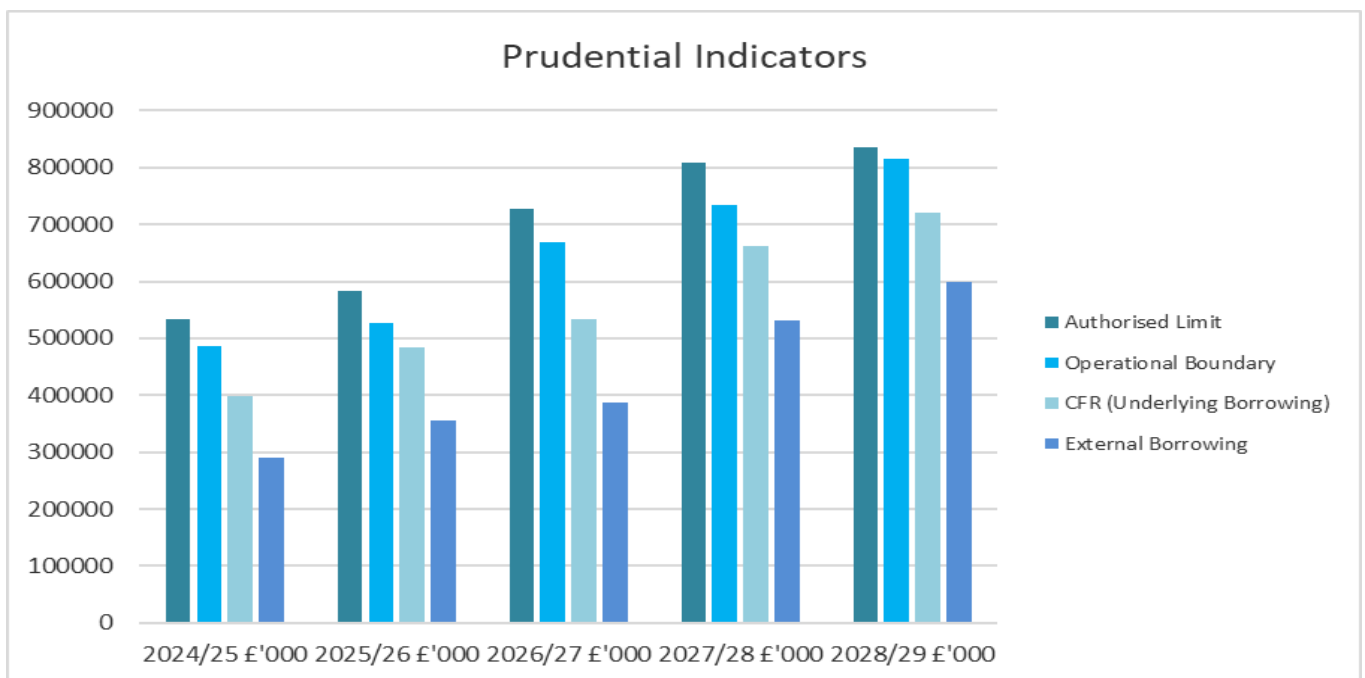
The original estimate as reported in the Treasury Management Strategy excluded 2025/26 IFRS16 adjustment for both Right of Use assets (ROU) and Public Private Partnership (PPP). This has now been reflected in the Updated Estimate below IFRS16 was adopted during the 2024.25 financial year and included in the year end Annual Accounts for that year.

This has resulted in an increase to the estimated Capital Financing Requirement (CFR) despite a drop in borrowing for both General Services and HRA capital.

Table 2 – Prudential Indicators - CFR

	<i>2025/26 Original Estimate £'000</i>	<i>2025/26 Updated Estimate £'000</i>
Capital Financing Requirement – GS	507,453	518,688
Capital Financing Requirement – HRA	168,229	169,253
Total Capital Financing Requirement	675,682	687,941

(2) Prudential Indicators Chart



The chart shown at (2) above shows estimated key prudential indicators in graph format:

- External Borrowing** – shows significant increase in the next two years as the Council utilises borrowing to fund capital investment

2. **Capital Financing Requirement** – shows increases in CFR in line with external debt. The Council ended 2024/25 in an under borrowed position (CFR compared with external debt) of £63,899m. The current strategy will be to reflect an under-borrowed position in the short/medium term as reflected in the graph.
3. **Operational Boundary** – this indicator is higher than external debt and CFR as it includes provision for other long term financing liabilities such as PPP and Finance leases, and short term cash flow variations.
4. **Authorised Limit** – the limit which cannot be exceeded in terms of the Council’s debt position. This indicator is higher than the operational limit as provision is made for other cash flow variation and potential borrowing in advance.

Table 3 – Prudential indicators - debt

	2025/26 Original £'000	2025/26 Updated £'000
Authorised Limit	745,000	734,500
Operational Limit	690,000	660,620
External Debt	537,039	489,039

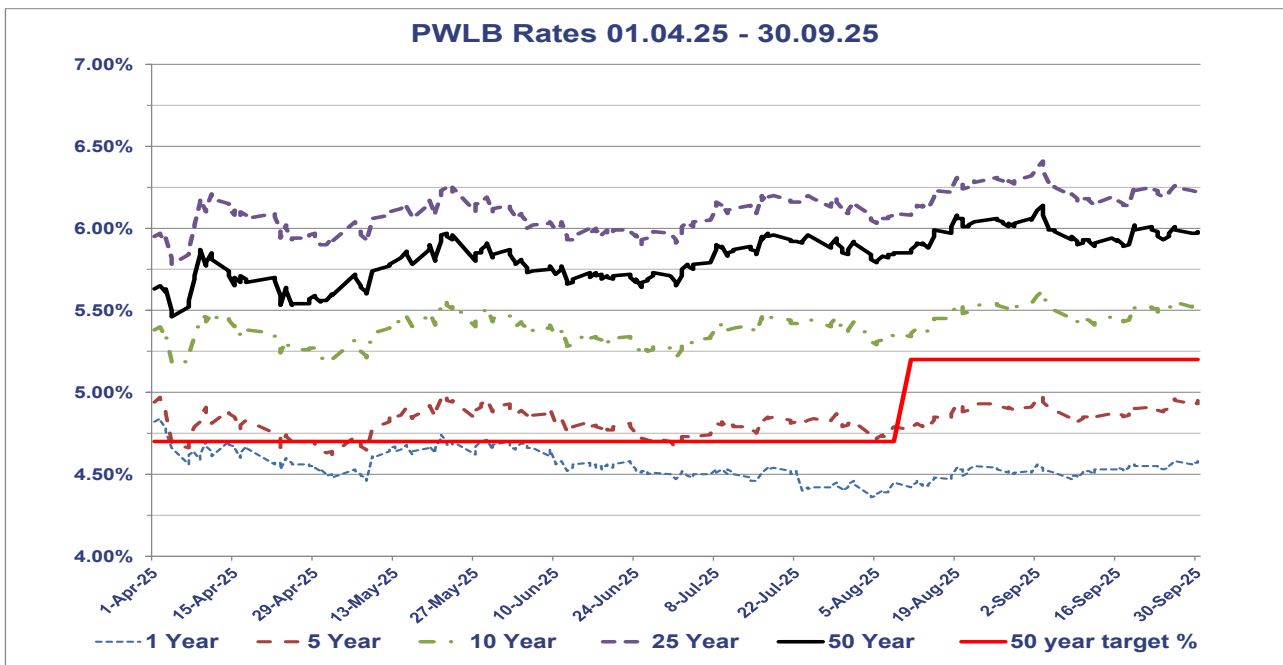
2.1 Borrowing Strategy 2025/26 (Update)

- (1) The Council’s capital financing requirement (CFR) estimate for 2025/26 has been revised to £687.941m based on the revised capital spend projections, as shown at 1.2, Appendix (2) Table 1. The CFR denotes the Council’s underlying need to borrow for capital purposes. To fund the CFR the Council may borrow from the PWLB or the market (external borrowing) or fund from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions and availability of internal cash resources.
- (2) The original borrowing requirement for 2025/26 was set at £128.899m but has been revised to £79.296m. This drop is attributed to re-profiling of capital projects and the changes to the programme per the capital review carried out in September 2025. This has resulted in movement in the current year of the capital programme.
- (3) This has resulted in revising the external borrowing requirement from the original £126m to £89m. The external borrowing figure includes a margin for the cost of borrowing for Right of Use assets as well as funding for the CFR.
- (4) The current strategy is to consider medium term external borrowing in Qtr. 3 of £5m and Qtr. 4 of £10m of medium to long borrowing, with further PWLB or medium term at the end of Qtr. 4. To date in Qtr. 1 and 2 long term borrowing has been taken from PWLB of £5m at 4.35%, £4m at 4.32%, £5m at 4.26% and £6m at 4.17%, when it has been possible to secure a lower interest rate.

There has been less borrowing than forecast from the other local authority market, as the rates available in PWLB were more advantageous. South Ayrshire Council has been able to utilise the HRA concessionary rate which allows borrowing at 40 basis points below the PWLB certainty rate. This rate is available for use in HRA and primarily for new Housing delivery.

A pragmatic approach however is being taken in terms of the timing of new long term external borrowing given the current market uncertainties due to a number of factors such as the overall economic climate and interest rate fluctuations along with the pace of the spend in the Council's capital programme.

2.2 PWLB Interest Rates – Apr 25 – Sep 25



3.1 Investment Strategy

- (1) The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 6 March 2025. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:
 - security of capital:
 - liquidity: and
 - yield
- (2) The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the MUFG suggested creditworthiness.

3.2 Investment Performance 2025/26

- (1) The Council's average level of funds available for investment purposes in the first half of the year 2025/26 was £21.3m. These funds are available on a

temporary basis and are dependent on a number of factors including cash flows, reserve balances, borrowing strategy, etc. As these funds are linked to Council reserves earmarked for specific purposes, they are not available to spend on additional services and represent the current 'cash' position.

- (2) LIBOR and LIBID rates ceased from the end of 2021. LIBOR has been replaced with a rate based on SONIA (Sterling Overnight Index Average). On advice received from the Council's consultants, MUFG, the replacement benchmark to be used is the 90-day backward SONIA compounded rate.

Table 4 below shows the rates for the first half of 2025/26 -

Table 4 – Benchmark rates

	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.50	4.46	4.47	4.36	4.28	4.17
High Date	01/04/2025	07/05/2025	03/04/2025	01/04/2025	02/04/2025	02/04/2025
Low	4.00	3.97	3.97	3.96	3.89	3.75
Low Date	07/08/2025	29/08/2025	16/09/2025	08/09/2025	07/08/2025	04/08/2025
Average	4.23	4.19	4.16	4.10	4.01	3.88
Spread	0.50	0.49	0.50	0.39	0.39	0.42

- (3) The Council's average performance rate for Quarter ended 30th September 2025 was 4.05%. This is slightly below the 90 day benchmark return as above. Investments will continue to be monitored in the current climate of changing interest rates.
- (4) The Chief Financial Officer confirms that the approved investment strategy was not breached in the first half of the financial year 2025/26.
- (5) The Council continues to consider lending to other local authorities where appropriate, in order to diversify its investment portfolio and to provide the highest level of security in delivering the objectives of security, liquidity and yield in its investment portfolio. Interest rates after a long period of extremely low rates, rose quite high and have now started to reduce slowly although PWLB borrowing remains fairly high. This makes borrowing more expensive because of this some forward planning has been undertaken to try and secure the best rates available for borrowing and investing. Also, to ensure some form of liquidity, advantage has been taken of good return on investment rates using Money Market Funds (MMF).

Table 5 below summarises the Council's investments as of 30 September 2025.

Table 5 – Investments at 30 September 2025

Counterparty	Type	Principal £'000	Interest Rate	Maturity	Colour Code (Based on Credit Information)
Bank of Scotland Call A/C	Liquidity	811	1.65%	N/A	Orange
Bank of Scotland Treasury A/C	Liquidity	100	3.77%	N/A	Orange

Counterparty	Type	Principal £'000	Interest Rate	Maturity	Colour Code (Based on Credit Information)
Money Market Fund (MMF)- Federated Prime Rate Class 3	Liquidity	3,650	4.08%	N/A	AAA
Money Market Fund (MMF)- Aberdeen Liquidity Sterling Fund	Liquidity	10,000	4.07%	N/A	AAA
MMF VNAV - Federated Cash Plus	Liquidity	30	4.10%	N/A	AAA
		14,591			

4.1 *Review of Compliance with Treasury and Prudential Limits for 2025/26*

- The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Table 6 below shows that the 2025/26 year-end projected total debt position of £610.618m is below the projected CFR of £687.941m which indicates that external borrowing is only being used for capital purpose.

Table 6 – Debt position

	2024/25 Actual £'000	2025/26 Borrowing as @ 30/9/25 £'000	2025/26 Projection £'000
Long Term Borrowing – PWLB	279,235	283,787	360,339
Long Term Borrowing - LOBO	33,200	33,200	33,200
Long Term Borrowing - Market	49,000	44,000	25,000
Short Term Borrowing – Market	71,500	70,500	70,500
External Debt	432,935	431,487	489,039
Other Long-Term Liabilities	126,607	121,579	121,579
Total Debt	559,542	553,066	610,618
Capital Financing Requirement (CFR)	623,441	687,941	687,941
(Under) Over borrowed	(63,899)	(134,875)	(77,323)

- A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing

need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government in Scotland Act 2003.

Table 7 below shows the authorised limit amended from the original 2025/26 indicator.

Table 7 – authorised limit

<i>Prudential Indicator – Authorised Limit for External Debt</i>	<i>2025/26 Original Indicator £'000</i>	<i>2025/26 Revised Indicator £'000</i>
Borrowing	570,000	565,000
Other Long-Term Liabilities	175,000	170,000
Authorised Limit	745,000	735,000

3. **Liability Benchmark**

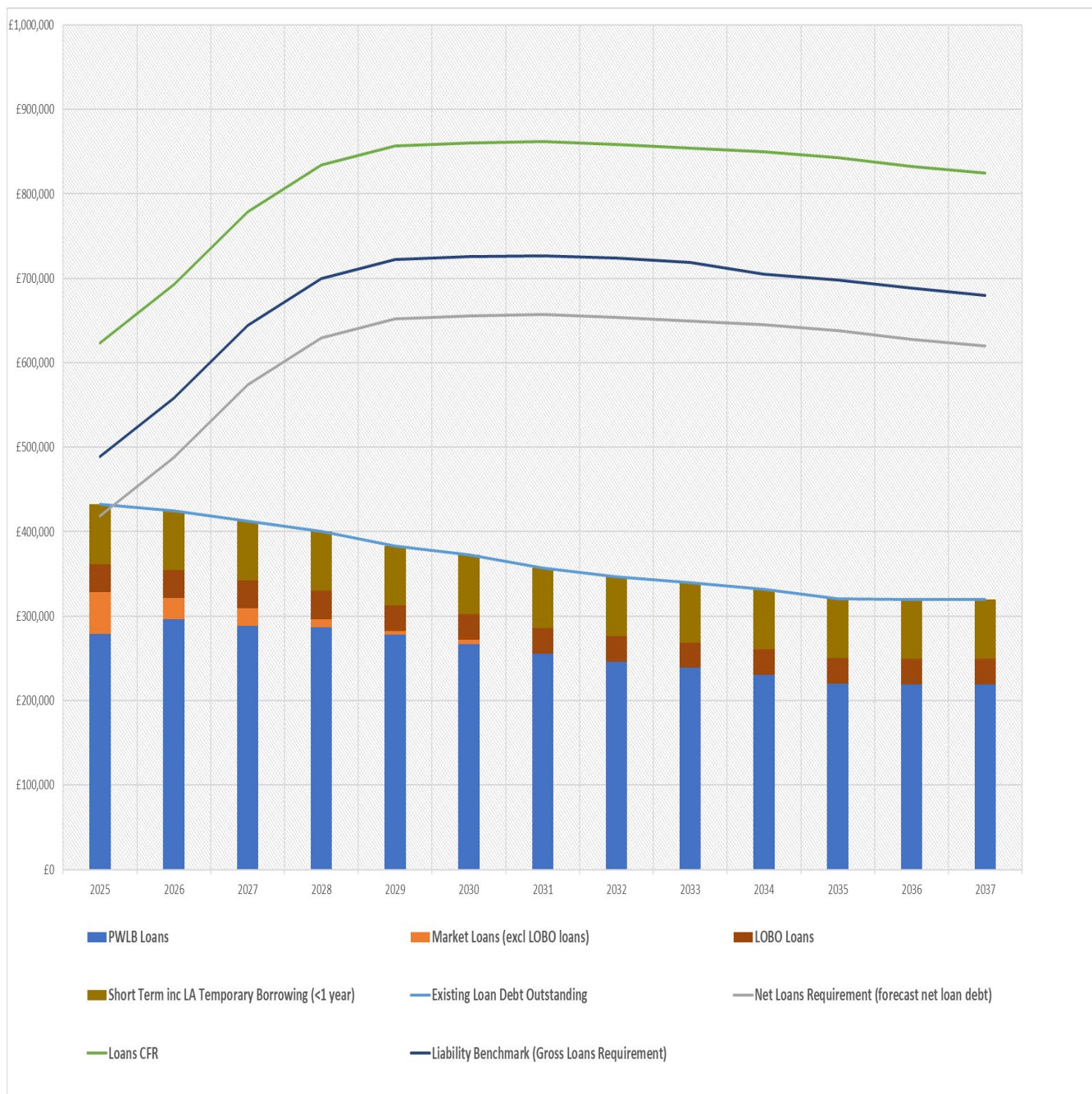
The third prudential indicator for 2025/26 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

CIPFA notes on page 13 of the 2021 TM Code: “The liability benchmark should be analysed as part of the annual treasury management strategy, and any substantial mismatches between actual loan debt outstanding and the liability benchmark should be explained. Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement). The treasury strategy should explain how the treasury risks inherent in these mismatched positions will be managed.”

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority’s existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments. (Note only approved prudential borrowing is included).
3. **Net loans requirement:** this will show the Authority’s gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

The graph below shows the projected movement in the liability benchmark.



5.1 Borrowing in Advance of Need

The Local Government Investment Regulations (Scotland) 2010 requires the Council to set out its strategy and approach to borrowing in advance of need, which is defined as any borrowing undertaken which will result in the total external debt exceeding the CFR for the following twelve-month period. The Council has not borrowed in advance of need during the six months to 30 September 2025

6.1 Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that the whole of the yield curve has shifted higher there may be better

opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

7.1. Other Current Issues

7.1.1 Sources of Borrowing – regarding ESG (Environmental, Social and Governance)

While the prime considerations when investing surplus funds are security liquidity and yield, it is recognised that consideration must be given to other factors such as climate change, environmental, social, and good governance (ESG), to support a policy of sustainability. For these considerations to work effectively any policy should be derived on a corporate level, at which point the finance team can implement for treasury investing. Most highly rated lenders will have an ESG policy in place, which can be reviewed periodically and form part of the counterparty selection process for treasury investments. We do not currently have investments in Fixed Term ESG deposit accounts as current rates are not favourable. However, rates are checked regularly, and consideration is given to ESG when investment decisions are taken.

7.1.2 Changes to Accounting Standards for Leasing Arrangements

The change to accounting standards to IFRS16 for leasing arrangements requires that all leasing contracts are held on the balance sheet. This is the change from the previous accounting standard IAS17. This means that the Capital Financing Requirement figures (CFR) and the Operational Boundaries have increased to reflect the change in accounting policy and the year end accounts for 2024/25 were prepared on this basis.