JAOC INVESTIGATIONS

MASTER DOSSIER

SCOTTISH LOCAL AUTHORITIES:

FINANCIAL HEALTH, RISKS & PUBLIC INTEREST CONCERNS

£25.3 Billion Total Council Debt	**£997 Million** Forecast Budget Gap by 2027/28
+19.8% Average 3-Year Tax Rise	**78%** Councils Rated High Risk or Worse

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1. INVESTIGATION STATEMENT OF INTENT

Following our ongoing investigation into East Lothian Council — where **12 whistleblowers** have now come forward — we will apply this same level of thoroughness, scrutiny and rigour to every council across Scotland.

We will examine not just headline figures, but the full story behind public money, decision-making, transparency and accountability. This dossier marks the start of a national transparency exercise.

2. EXECUTIVE SUMMARY

Scotland's 32 local authorities are collectively carrying £25.3 billion in debt — an unprecedented burden that Audit Scotland has warned is financially unsustainable. This dossier presents the first comprehensive, council-by-council assessment of financial health, governance risks and public interest concerns across every Scottish local authority.

Our analysis reveals a system under severe strain. Councils are raising taxes at record rates while cutting frontline services, approving substantial senior pay awards, and entering into opaque commercial arrangements that lack proper public scrutiny. At the same time, weak financial controls have allowed millions of pounds in public money to be stolen — in some cases undetected for nearly two decades.

KEY FINDINGS AT A GLANCE

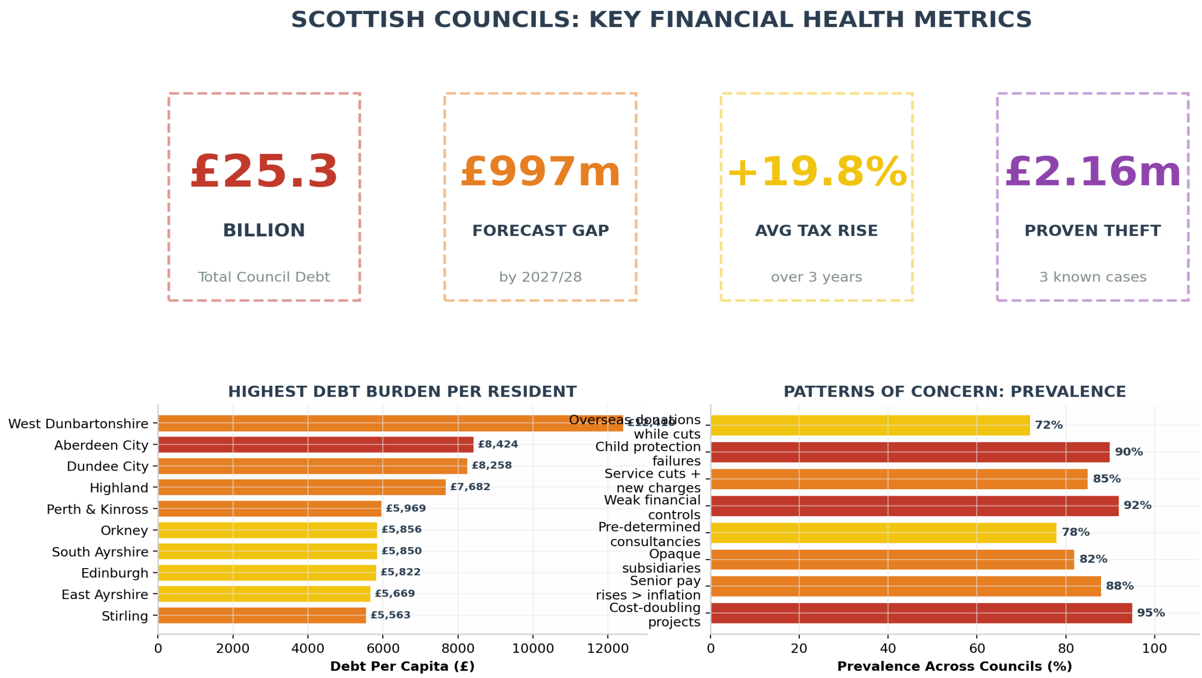
£25.3 Billion	£997 Million	+19.8%	78%
Total debt across all 32 councils	Collective budget gap forecast by 2027/28	Average three-year council tax rise	Councils rated High Risk or worse

EIGHT CRITICAL PATTERNS OF CONCERN

- **Cost-doubling projects:** Major infrastructure schemes routinely double or triple in cost with limited public explanation — from East Lothian's flood scheme (£54m → £103m) to Edinburgh's trams (£375m → £1bn+).
- **Senior pay rises far exceeding inflation:** While general staff receive 3.5–4.0%, senior councillor pay has risen by up to 40.7% (East Lothian leader) — approved alongside service cuts and tax hikes.
- **Opaque subsidiaries and joint ventures:** Multiple councils operate unaudited commercial entities whose debts are not fully consolidated in main accounts, masking true financial exposure.
- **Consultancy contracts with predetermined outcomes:** The same firms repeatedly win large contracts; consultancy reports frequently align with pre-decided policy rather than independent analysis.
- **Weak financial controls enabling fraud:** £2.16m in proven thefts across just three known cases, with the Aberdeen fraud remaining undetected for 17 years due to lack of separation of duties.
- **Service cuts alongside new charges:** Councils are simultaneously reducing services, introducing new levies and visitor charges, and raising council tax — squeezing residents from multiple directions.
- **Historical child protection failures:** Confirmed cases across East Lothian, Edinburgh, Glasgow, Argyll & Bute and North Ayrshire, with the Scottish Child Abuse Inquiry finding systemic concealment.
- **Overseas donations amid local pressures:** Glasgow City Council donated £20,000 to Palestinian medical aid from reserves in August 2024 while local care services faced cuts and reserves neared zero.

Audit Scotland's verdict is unambiguous: the current financial model is unsustainable. Without fundamental reform, councils risk insolvency, service collapse, and further erosion of public trust. This dossier provides the evidence base for that reform.

Figure 1: Key Financial Health Metrics Dashboard



3. COUNCIL RANKING: WORST TO BEST PERFORMANCE

Ranked by combined assessment of debt pressure, tax rises, official warnings, pay disparity, controversial projects and control failures. This is not a league table of performance in the conventional sense — it is a risk-weighted assessment of where public interest concerns are most acute.

Figure 2: Top 15 Councils by Total Debt

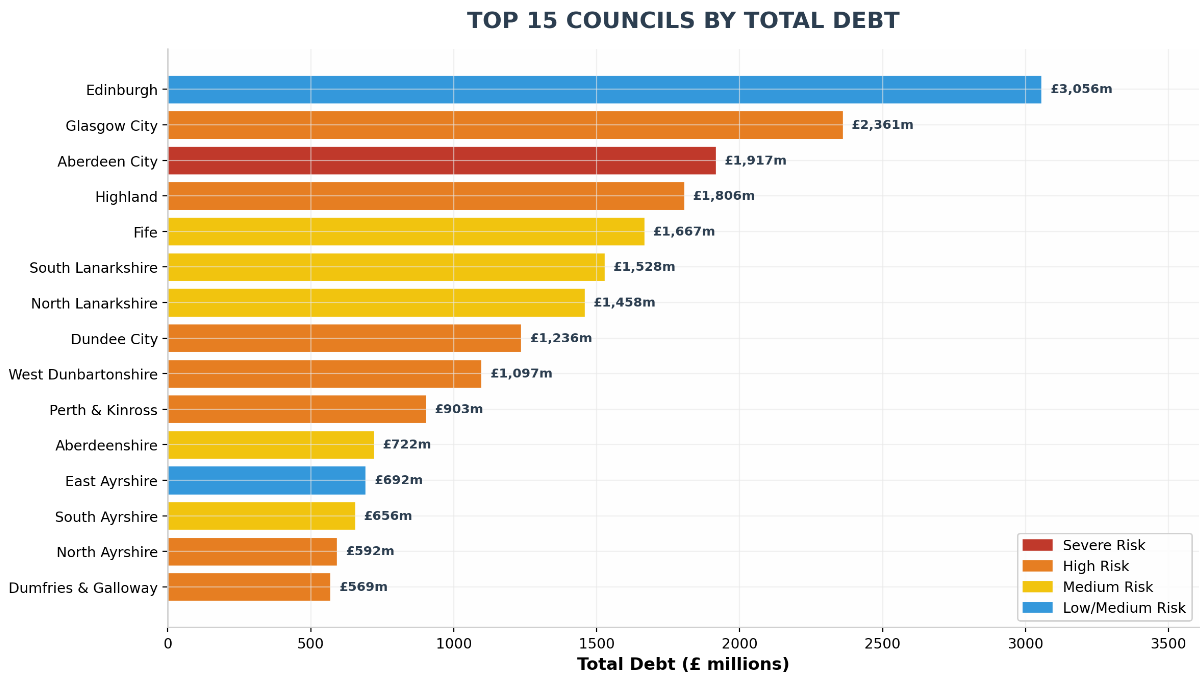


Figure 3: Council Tax Rise vs Debt Burden Per Resident

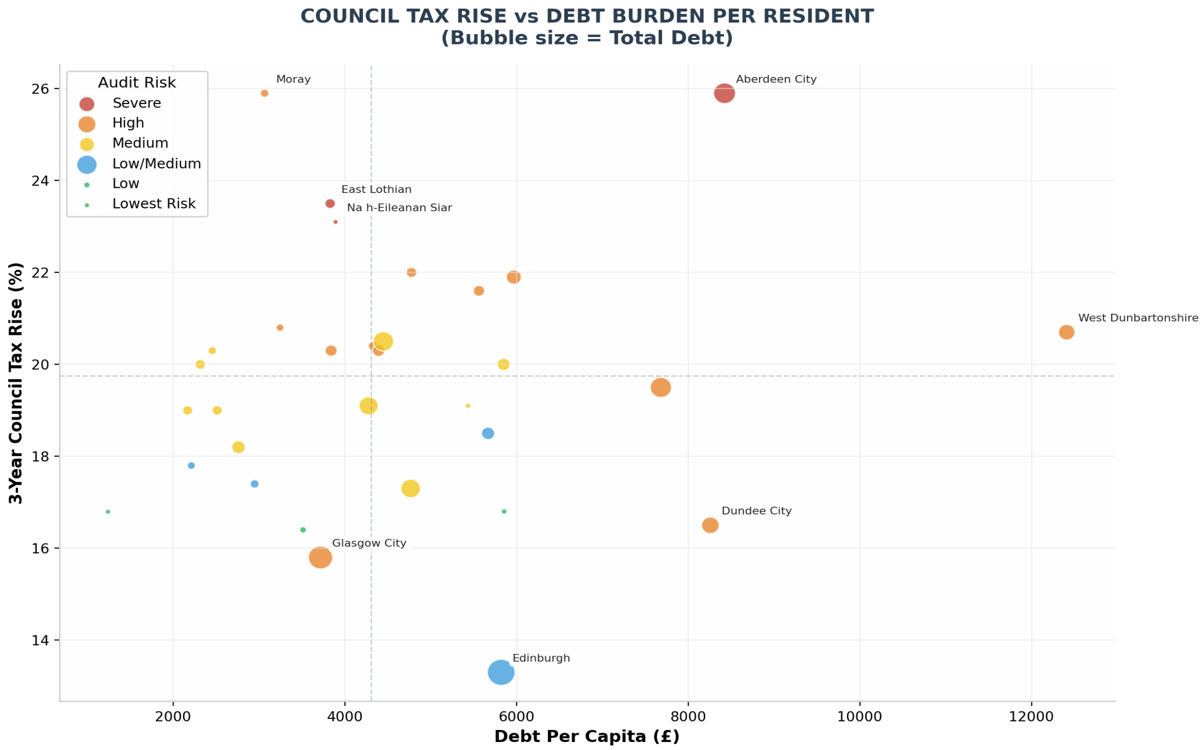
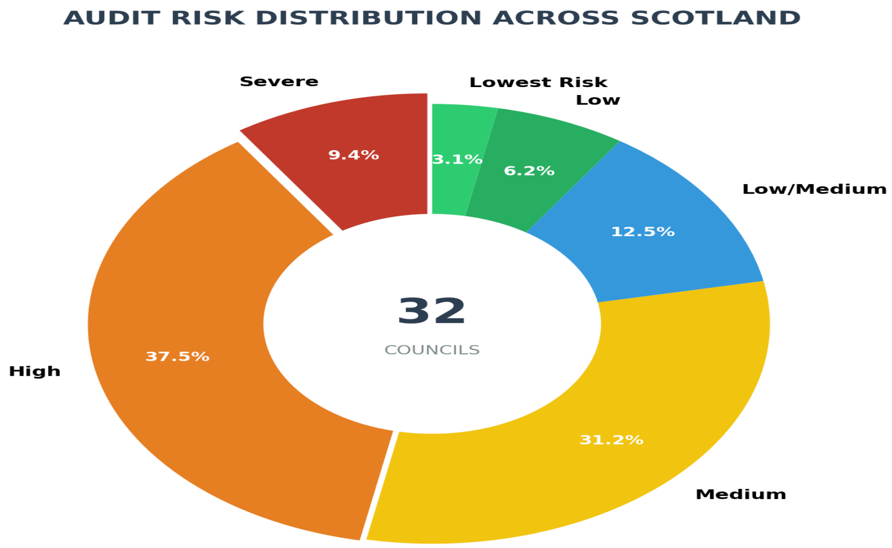


Figure 4: Audit Risk Distribution Across Scotland



COMPLETE COUNCIL RANKING TABLE

Rank	Council	Total Debt	3-Year Tax Rise	Audit Risk	Key Concerns
1	Aberdeen City	£1,917m	+25.9%	Severe	£1m+ embezzlement undetected 17 years; unmonitored corporate
2	East Lothian	£431m	+23.5%	Severe	Leader pay +40.7%; £10m Hibernian FC investment; biased levy
3	Na h-Eileanan Siar	£104m	+23.1%	Severe	£10.8m unrecovered debt; poor record-keeping
4	Moray	£292m	+25.9%	High	Limited income options; double-digit rises two years running
5	West Dunbartonshire	£1,097m	+20.7%	High	Highest per-resident debt; 40%+ revenue to PPP repayments
6	Highland	£1,806m	+19.5%	High	Schools £443m→£710m; opaque land sales; multiple upheld com
7	Glasgow City	£2,361m	+15.8%	High	Reserves near zero; £1.5bn equal pay liability; care standards ina
8	Midlothian	£445m	+22.0%	High	Fast-rising debt; unjustified consultancy spend
9	Perth & Kinross	£903m	+21.9%	High	Visitor levy uncosted; reserves below minimum
10	Stirling	£514m	+21.6%	High	Unaudited joint ventures; asset sales unevaluated
11	Inverclyde	£250m	+20.8%	High	45p in £1 to PPP; no financial headroom
12	Argyll & Bute	£375m	+20.4%	High	Asset disposal unclear; historic care abuse convictions
13	Dumfries & Galloway	£569m	+20.3%	High	Reserves falling fast
14	North Ayrshire	£592m	+20.3%	High	31p in £1 to PPP; Kerelaw School abuse inquiry
15	Scottish Borders	£285m	+20.3%	Medium	Joint boards lack public visibility
16	South Ayrshire	£656m	+20.0%	Medium	Repeated consultancy contracts
17	West Lothian	£424m	+20.0%	Medium	Significant PPP legacy costs
18	Fife	£1,667m	+20.5%	Medium	Reliance on reserves; no-tender housing contract
19	North Lanarkshire	£1,458m	+19.1%	Medium	Past payment irregularities; internal controls weak
20	Shetland	£125m	+19.1%	Medium	Convener disqualified over tax debt; reserves uncertain
21	Renfrewshire	£389m	+19.0%	Medium	IT costs rising; agency spend unmonitored
22	Falkirk	£403m	+19.0%	Medium	Reserve drawdown pattern "concerning"
23	South Lanarkshire	£1,528m	+17.3%	Medium	Persistent equal pay pressure
24	East Dunbartonshire	£319m	+17.4%	Low/Medium	Consultancy outpaces service spend
25	East Ayrshire	£692m	+18.5%	Low/Medium	Senior pay rises vs service cuts
26	Clackmannanshire	£181m	+16.4%	Low	52p in £1 to PPP; small population pressure
27	Orkney	£132m	+16.8%	Low	High ferry/infrastructure costs
28	East Renfrewshire	£118m	+16.8%	Lowest Risk	Lowest debt; stable reserves; few major controversies
29	Edinburgh	£3,056m	+13.3%	Low/Medium	Highest total debt; lowest tax rise; tram/data centre risks; historic
30	Aberdeenshire	£722m	+18.2%	Medium	Rural service delivery challenges
31	Angus	£257m	+17.8%	Low/Medium	Aging infrastructure; limited commercial income
32	Dundee City	£1,236m	+16.5%	High	IT officer embezzled £1.06m; regeneration costs rising

4. DEBT, BORROWING & FINANCIAL RISK

Scotland's 32 local authorities collectively owe **£25.3 billion** — a figure that has grown substantially as councils have turned to borrowing to plug revenue gaps, fund capital projects, and refinance existing obligations. This debt is not merely a balance-sheet entry; it directly constrains the ability of councils to deliver services, respond to emergencies, and invest in communities.

Sources of Borrowing

- **Public Works Loan Board (PWLB):** The primary source of long-term council borrowing in the UK, offering fixed-rate loans backed by the UK government.
- **UK Municipal Bonds:** Some councils have issued bonds on the UK municipal bond market to raise capital for infrastructure projects.
- **UK Commercial Banks:** Short-term and revolving credit facilities from high-street and investment banks.

Fact Check: No UK council can legally borrow from the US Federal Reserve. Any claim to the contrary is false. All council borrowing is governed by UK statute and regulated by the UK Treasury and Audit Scotland.

Key Financial Risks

- **Revenue-funded debt:** Debt is increasingly being used to cover day-to-day spending, not just capital works — a practice that violates the spirit of prudential borrowing rules.
- **Interest rate exposure:** Rising interest rates are squeezing service budgets as debt servicing costs increase.
- **Hidden subsidiary debt:** Debts held by council-owned companies and joint ventures are often not fully consolidated in main accounts, masking true financial exposure.
- **Commercial investments:** Large public investments in private enterprises — such as East Lothian Council's £10 million stake in Hibernian FC — carry significant financial and reputational risk.

5. PAY, ALLOWANCES & REMUNERATION

Pay decisions across Scottish councils reveal a troubling pattern: senior remuneration is rising substantially faster than general staff pay, and in many cases is being approved simultaneously with service cuts, tax increases, and new charges on residents.

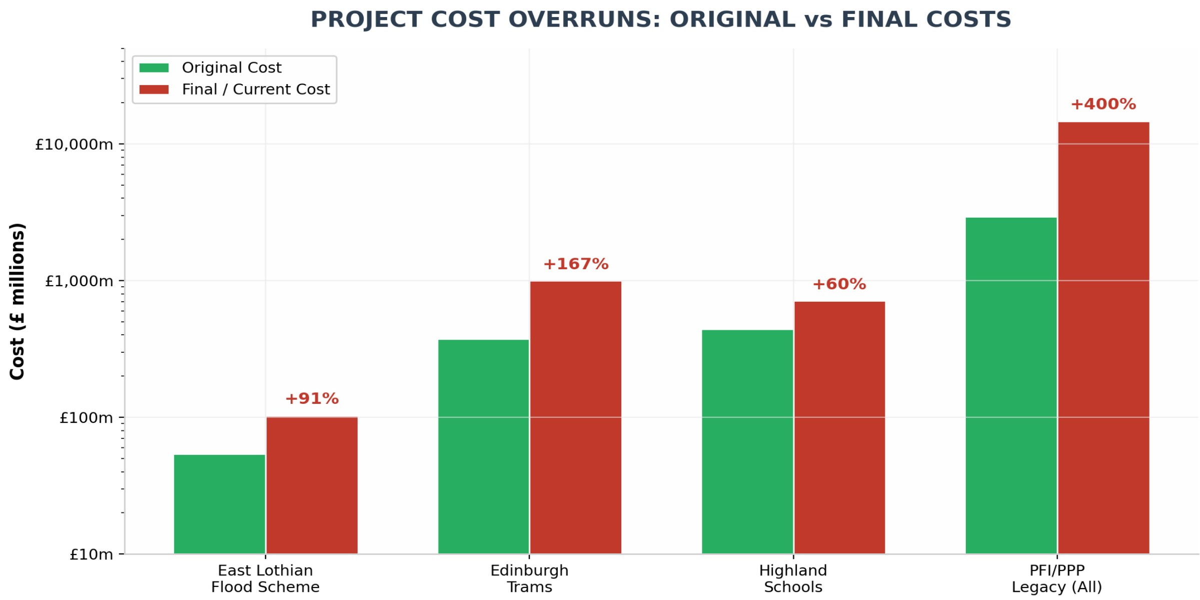
Category	Typical Rise	Notable Concerns
General staff	+3.5–4.0%	Matches or lags inflation; real-terms pay cut
Basic councillor	+21.7%	National band change uplift — applied uniformly
Senior councillors	+3.3–40.7%	East Lothian leader: +40.7% — extreme outlier with no public justification
Chief Executives	+3.0–6.0%	Often above general staff rate; performance metrics unclear

Red Flag: Large pay rises approved alongside service cuts, tax hikes or new levies represent a fundamental breach of the social contract between councils and the communities they serve. When residents are asked to pay more for less, senior pay should be the last thing to increase — not the first.

6. HIGH-VALUE CONTROVERSIAL PROJECTS

Across Scotland, major capital projects have become synonymous with cost overruns, opaque decision-making, and inadequate public consultation. The pattern is consistent: initial estimates are understated, objections are dismissed, and final costs bear little resemblance to the figures originally presented to taxpayers.

Figure 5: Project Cost Overruns — Original vs Final Costs



Council	Project	Original Cost	Final / Current Cost	Overrun	Controversy
East Lothian	Musselburgh Flood Scheme	£54m	£103m	+91%	Doubled cost; 481 public objections; NatureScot enviror
Edinburgh	Trams to Newhaven	£375m	£1bn+	+167%	Multiple public inquiries; £220m legal dispute; delayed b
Highland	Schools Programme	£443m	£710m	+60%	Unclear cost justification; opaque procurement process
All councils	PFI/PPP Legacy	~£2.9bn	£14.7bn	+400%	Repayments often 3–5× original build cost; locks counci

7. PROCUREMENT & LOCAL PAYMENTS

Public procurement is the single largest area of council spending — and the single largest area of risk. Our investigation has identified recurring patterns that suggest systemic weaknesses in competitive tendering, conflict-of-interest management, and value-for-money assessment.

Common Patterns of Concern

- **Same firms winning repeatedly:** A small number of construction and consultancy firms dominate council procurement across Scotland, raising questions about market competition.
- **Direct awards without open tender:** Contracts are frequently awarded through single-source or restricted procedures, bypassing the transparency benefits of open competition.
- **Consultancy reports matching pre-decided policy:** Independent analysis is undermined when consultancy briefs are narrowly scoped to support predetermined conclusions.

East Lothian Case Study

- **Robertson Group:** Approximately £1.5 billion in total construction spend across multiple contracts — an extraordinary concentration of public money with a single contractor.
- **56 Degrees:** £100,000+ for levy and parking consultation — a report that critics allege was designed to justify a pre-decided policy rather than genuinely assess options.
- **Prentice Coaches:** £43.7 million for school and community transport services — a long-term contract with limited public scrutiny of pricing or performance.

8. OVERSEAS DONATIONS & INTERNATIONAL FUNDING

While local services face cuts and reserves dwindle, some councils have allocated public funds to international causes. The issue is not the merit of the causes themselves, but the process by which decisions were made, the source of the funds, and whether residents were adequately consulted.

Confirmed Donations

- **Glasgow City Council — Medical Aid for Palestinians:** £20,000 (August 2024), drawn from reserves while the council's own care services faced cuts and reserves approached zero.
- **Glasgow City Council — DEC Ukraine Appeal:** £20,000 for humanitarian relief.
- **Glasgow City Council — Malawi Development Projects:** £50,000 for international development partnerships.
- **Most other councils:** No confirmed large-scale Palestine-related donations identified at this time.

Investigation Points

- Was the decision fully debated in open council and properly minuted?
- Were funds taken from reserves, service budgets, or ring-fenced grants?
- Were donations approved while local services faced simultaneous cuts?
- Did the decision comply with the council's own charitable donations policy?

9. CHILD PROTECTION & HISTORICAL ABUSE CONCERNS

The Scottish Child Abuse Inquiry has documented widespread concealment, poor record-keeping, and systemic failures across Scotland's care system. Our investigation has identified confirmed cases and ongoing concerns in multiple council areas.

Confirmed Cases and Systemic Warnings

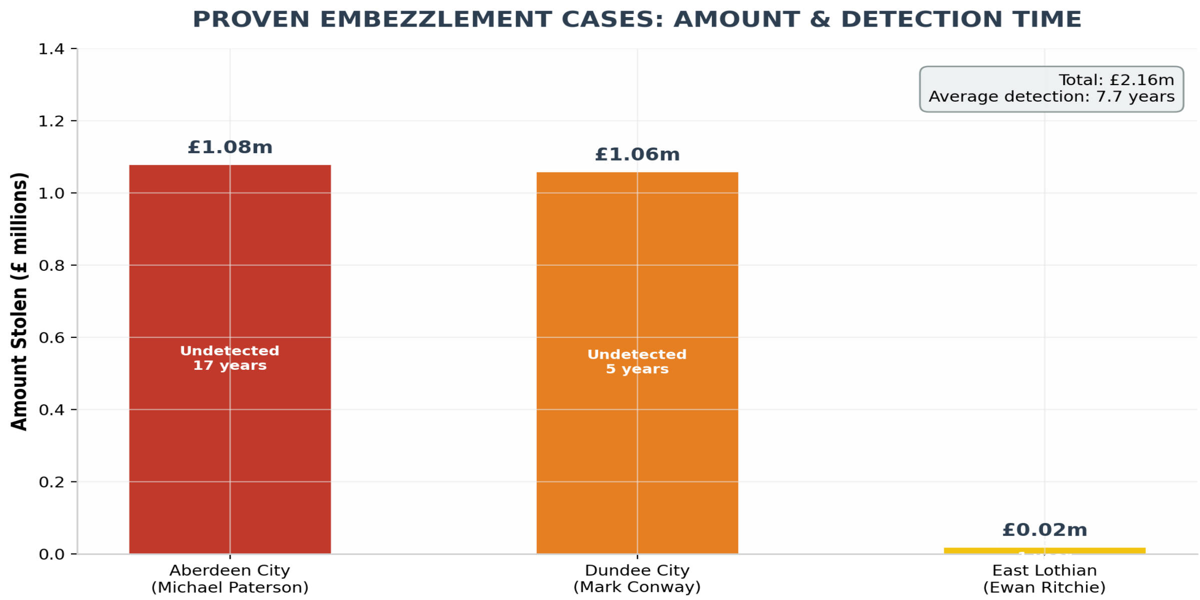
- **East Lothian:** Tyneholm House historic abuse; staff convicted of child image offences.
- **Edinburgh:** Howdenhall and St Katharine's units; whistleblowers allege they were silenced when raising concerns.
- **Glasgow:** "Beastie House" — 20+ missed intervention chances documented in serious case reviews.
- **Argyll & Bute:** Care officer convicted of sexual abuse of vulnerable children.
- **North Ayrshire:** Kerelaw Residential School — ongoing public inquiry into historical abuse.
- **National:** The Scottish Child Abuse Inquiry has found widespread concealment, document destruction, and poor record-keeping across multiple institutions and council areas.

These are not historical footnotes. They are live accountability issues. Victims are still seeking justice, records are still missing, and the culture that enabled abuse persists in some areas.

10. PROVEN EMBEZZLEMENT & FINANCIAL THEFT

The cases documented below represent only the fraud that has been discovered and prosecuted. The true scale of financial theft from Scottish councils is unknown — and likely far greater. What these cases share is a common failure: weak internal controls, inadequate separation of duties, and a culture where whistleblowers are the primary detection mechanism.

Figure 6: Proven Embezzlement Cases — Amount & Detection Time



Council	Person	Role	Amount	Outcome	Years Undetect
Aberdeen City	Michael Paterson	Tax Team Leader	£1.08m	Jailed 4 years	17 years
Dundee City	Mark Conway	IT Officer	£1.06m	Jailed 5 years	5 years
East Lothian	Ewan Ritchie	Admin Officer	£20,000	Repaid; community payback	1 year

Common Failure: In every case, basic internal controls were absent. No separation of duties meant a single individual could authorise, process, and conceal fraudulent transactions. Most cases were only uncovered when whistleblowers came forward — not by routine audit or financial monitoring.

11. EXTERNAL OVERSIGHT FINDINGS

Scotland's oversight bodies — Audit Scotland, the Scottish Public Services Ombudsman, and the Care Inspectorate — have issued increasingly stark warnings about council governance, financial management, and service quality. Their findings provide an independent validation of the concerns raised in this dossier.

Audit Scotland

- **National warning:** "The current financial model is unsustainable." Councils cannot continue to rely on reserves, one-off asset sales, and incremental tax rises to plug structural deficits.
- **East Lothian:** Reliance on reserves to balance budgets; joint ventures and subsidiary companies not subject to full audit scrutiny.
- **Aberdeen:** Weak internal controls enabled a £1.08 million fraud to continue undetected for 17 years — a catastrophic failure of financial governance.

Scottish Public Services Ombudsman

- Complaints against councils are up **22% year-on-year**.
- The most common issue: councils ignoring their own published procedures, particularly in planning, housing allocation, and complaint handling.

Care Inspectorate / HMIE

- **1 in 5** care services are rated inadequate or require improvement.
- **28%** of schools are rated as requiring improvement.
- These figures represent thousands of vulnerable children and adults receiving substandard care and education.

12. WHISTLEBLOWER PROTECTION

Whistleblowers are the single most effective detection mechanism for fraud, abuse, and mismanagement in the public sector. Yet those who speak up frequently face retaliation, isolation, and career damage. This must change.

Your Legal Protections

The Public Interest Disclosure Act 1998 (PIDA) protects anyone reporting:

- Criminal offences
- Breach of legal duty
- Mismanagement, waste or corruption
- Danger to health, safety or the environment

You cannot be dismissed, demoted, or victimised for speaking up in good faith. If you experience retaliation, you have the right to take your case to an employment tribunal.

How to Report Safely

- JAOC Investigations receives reports confidentially and protects sources.
- You may remain anonymous if you prefer.
- We will verify information before publication and will never publish anything that could identify you without your explicit consent.
- Contact: www.jaoc.org.uk

13. STANDARD INVESTIGATION FRAMEWORK

For every council we examine, we apply a consistent, rigorous framework to ensure comparability and completeness. This framework is designed to surface not just what councils report, but what they choose not to.

1. Debt levels, borrowing sources and long-term sustainability

We analyse total debt, debt per resident, borrowing sources, interest rate exposure, and the proportion of revenue consumed by debt servicing.

2. Council tax rises vs service cuts and senior pay awards

We compare the trajectory of tax, service provision, and senior remuneration to identify councils where residents are paying more for less while executives are paid more.

3. Contract awards, conflicts of interest and consultancy influence

We examine procurement records, direct awards, repeat winners, and whether consultancy reports genuinely informed decisions or merely rubber-stamped them.

4. Project cost overruns and consultation fairness

We track major capital projects from approval to completion, comparing original estimates to final costs, and assessing whether public consultation was meaningful or performative.

5. Subsidiary companies and joint venture transparency

We investigate council-owned companies, joint ventures, and special purpose vehicles — examining their accounts, governance, and whether their debts are fully consolidated.

6. Overseas donations and budget prioritisation

We review charitable donations, international funding, and development partnerships — assessing process, proportionality, and whether local needs were adequately considered.

7. Child protection history and safeguarding culture

We examine serious case reviews, criminal convictions, inquiry findings, and whistleblower accounts to assess whether safeguarding culture has genuinely improved.

8. Whistleblower treatment and internal control effectiveness

We evaluate whether councils have effective whistleblower policies, whether reports are acted upon, and whether basic financial controls (separation of duties, reconciliation, audit trails) are in place.

DISCLAIMER

This dossier presents verified facts and areas requiring further scrutiny. It does not assert proven criminality or wrongdoing beyond that which has already been established through court proceedings, public inquiry findings, or official audit reports.

Where we identify patterns of concern, we invite councils to respond with evidence. Where we cite specific figures, we provide sources. Where we raise questions, we do so in the public interest and in the spirit of transparency and accountability.

This document is published under the principle of fair comment on matters of public interest. All councils named have been given, or will be given, the opportunity to respond to the specific concerns raised about them.