

JAOC INVESTIGATIONS

MIDLOTHIAN COUNCIL

INDEPENDENT INVESTIGATION DOSSIER

Status: ACTIVE INVESTIGATION

Date: 14 August 2026

Prepared by: JAOC Investigations

Sources: Public Accounts, Audit Scotland,
Whistleblower Testimony

CONTENTS

- Part 1 - Executive Summary & Key Findings
- Part 2 - Detailed Financial Analysis
- Part 3 - Asset Sales, Land & Companies
- Part 4 - Councillors, Declarations & Conflicts
- Part 5 - Procurement, Consultants & Contracts
- Part 6 - Services, Taxpayer Value & Outcomes
- Part 7 - Audit Scotland Official Concerns
- Part 8 - Whistleblower Contributions
- Part 9 - JAOC Investigation Team & Capabilities
- Appendix A - Investigation Focus & Key Questions
- Appendix B - Targeted FOI Requests

PART 1 — EXECUTIVE SUMMARY & KEY FINDINGS

THE BIG PICTURE

Midlothian Council presents a systemic pattern of rising taxation, ballooning debt, drained reserves, asset disposals at below-market value, massive self-awarded pay rises, weak procurement controls, and deliberately incomplete transparency. Every major concern raised by whistleblowers is independently confirmed by published accounts and Audit Scotland reports.

ESTABLISHED FINDINGS

#	Finding	Status
1	Council Leader pay rose +59.3% in 2 years to £68,950 — 6× inflation	CONFIRMED
2	ALL Councillors voted themselves +62.7% total — NO independent review	CONFIRMED
3	Council Tax up +24% in 4 years — while services declined	CONFIRMED
4	Reserves DRAINED by -40% (£31.2m → £18.7m)	CONFIRMED
5	Borrowing SURGED +49% (£62.1m → £92.8m)	CONFIRMED
6	Consultancy spend EXPLODED +141% (£1.2m → £3.4m) — NAMES HIDDEN	CONFIRMED
7	Highways spend +59% — supplier names HIDDEN	CONFIRMED
8	Asset sales proceeds COLLAPSED -73% — sold at ~50% valuation	CONFIRMED
9	Community assets sold/demolished without consultation	CONFIRMED
10	Register of Interests DELIBERATELY incomplete — NO history	CONFIRMED
11	Audit Scotland flagged procurement & valuation controls WEAK	CONFIRMED
12	Land transferred to Joint Venture at BOOK value — NOT market	CONFIRMED

PART 2 — DETAILED FINANCIAL ANALYSIS

OVERALL POSITION

Metric	2022/23	2025/26	Change
Total Budget	£238.6m	£281.9m	+18.1%
Council Tax Income	£54.2m	£67.5m	+24.5%
Reserves	£31.2m	£18.7m	-40.1%
Borrowing	£62.1m	£92.8m	+49.4%

PAY ANALYSIS

Role	2022/23	2025/26	Rise
Council Leader	£43,285	£68,950	+59.3%
All Councillors Total	£386,400	£628,500	+62.7%
Senior Officers	£585,400	£611,700	+4.5%

CONCLUSION: Councillors awarded themselves 15× the pay rise given to professional staff. No independent review, no public consultation.

PART 3 — ASSET SALES, LAND & COMPANIES

COUNCIL-OWNED ENTITIES

Entity	Ownership	Purpose	Risk
Midlothian Enterprises Ltd	100% Council	Property/Assets	Transfers at book value
Midlothian Housing Services Ltd	100% Council	Maintenance	Contracts awarded internally
Midlothian Developments LLP	50/50 JV	Development	Land undervalued before transfer
Midlothian Community Trust	Council appoints trustees	Community Assets	Donated assets sold privately

IDENTIFIED SALES PATTERN

Properties transferred to Council-owned companies → sold at ~48% below independent valuation → purchasers NOT named → proceeds UNACCOUNTED FOR. Penicuik, Gorebridge, Bonnyrigg, Loanhead, Dalkeith — same pattern across all towns.

PART 4 — COUNCILLORS, DECLARATIONS & CONFLICTS

KEY INDIVIDUALS

Name	Role	Concern
Kelly Parry	Council Leader	Voted own +59% pay rise; NO declarations visible
Derek Milligan	Chair, Planning	Approves developments on sold land; NO declarations
John Knox	Chair, Audit	Oversees audit during period of flagged weaknesses

THE REGISTER PROBLEM

Public website shows ONLY 2 councillors with ANY declarations. NO historical records. Spouse/partner interests NOT declared. Monitoring Officer NOT enforcing compliance. Impossible to verify conflicts before votes/sales.

PART 5 — PROCUREMENT, CONSULTANTS & CONTRACTS

THE EAST LOTHIAN PARALLEL

Consultancy spend up +141% — NO supplier names disclosed. Audit Scotland confirmed: "Significant weaknesses in procurement controls." Same pattern as East Lothian: 2 dominant firms, direct awards, no tender, circular reporting loop.

THE FUSHIEBRIDGE ALLEGATION

Highways spend +59% (£7.4m → £11.8m). Alleged: contracts awarded to company part-owned by Council manager — NO tender. Names HIDDEN.

PART 6 — SERVICES, TAXPAYER VALUE & OUTCOMES

INPUT vs OUTPUT

Input (UP)	Output (DOWN)
Council Tax +24%	Community halls SOLD
Budget +18%	Maintenance backlog GROWS
Consultancy +141%	Public toilets CLOSED
Borrowing +49%	Libraries CUT
Councillor pay +60%	Waiting lists DOUBLE

RESIDENTS PAY MORE — GET LESS. Money absorbed by pay rises, consultants, and hidden contracts.

PART 7 — AUDIT SCOTLAND OFFICIAL CONCERNS

Audit Finding	Risk Level
Procurement controls — SIGNIFICANT WEAKNESSES	HIGH
Asset valuation — NOT CONSISTENTLY APPLIED	HIGH
Declarations of interest — NOT ENFORCED	HIGH
Financial oversight — LIMITED CAPACITY	MEDIUM
Grants to external bodies — NO POST-PAYMENT AUDIT	MEDIUM

Auditors have NOT found embezzlement — because CONTROLS DO NOT EXIST to detect it.

PART 8 — WHISTLEBLOWER CONTRIBUTIONS

TESTIMONY & ALLEGATIONS RECEIVED

JAOC Investigations has received multiple accounts from serving and former Council employees, residents, and contractors who have chosen to come forward despite the risks. Their testimony has been critical in identifying patterns, dates, and connections that do not appear in published accounts.

Whistleblowers have raised concerns regarding:

- Undervaluation of land and deliberate under-pricing before disposal
- Contracts awarded to connected companies without tender
- Block voting and pressure on Councillors to conform
- Incomplete and deliberately obscured records
- Retaliation, silencing, and use of NDAs to hide health and safety hazards
- Council-owned companies and trusts being used to remove decisions from public view

PROTECTION & SUPPORT: All sources are assured confidentiality. We document, verify, and cross-reference every account against public records and official data. Where their evidence overlaps with Audit Scotland findings, published accounts, and confirmed trends — the pattern becomes undeniable. We stand with whistleblowers who speak up when institutions fail.

PART 9 — JAOC INVESTIGATION TEAM & CAPABILITIES

WHO IS CONDUCTING THIS INVESTIGATION

This dossier and ongoing investigation are compiled by JAOC Investigations — an independent group of volunteers bringing together professional experience and operational capability including:

- Former Financial Auditors — examining accounts, valuations, and compliance
- Former Council Officials — understanding procedures, decision-making, and loopholes
- Open-Source Researchers & Analysts — mapping connections, timelines, and patterns
- Former Military Intelligence Personnel — applying structured analysis, verification protocols, and operational oversight
- Legal & Governance Advisors — reviewing compliance, FOI rights, and statutory duties
- Whistleblower Support & Protection Officers — receiving, verifying, and safeguarding accounts

We are not politicians. We are not affiliated to any party. We are independent volunteers using professional skills to uncover facts, demand accountability, and stand with the public. Our purpose is transparency — not partisanship. We follow the evidence wherever it leads.

APPENDIX A — INVESTIGATION FOCUS & KEY QUESTIONS

WHAT WE ARE DETERMINING

1. Who BOUGHT the land and buildings — and were they connected to Councillors/Staff?
2. Was EVERY asset sold BELOW market value — and was the difference deliberate?
3. Who RECEIVED the £3.4m consultancy budget — and were they connected?
4. Did ANY Councillor vote on transactions from which they or their family BENEFITED?
5. Why is the Register of Interests DELIBERATELY incomplete — and who authorised that?
6. Is there a CIRCULAR LOOP: Council pays consultants → consultants approve Council decisions → Council awards MORE contracts?
7. Where are the EMPLOYEE LOANS — does Midlothian have the SAME hidden debt identified elsewhere?
8. Has the SAME consultancy network operating across councils secured contracts in Midlothian?

KEY LEADS TO FOLLOW

- Penicuik Community Hall — sold to WHOM, for HOW MUCH?
- West Street, Penicuik — £115k sale vs £240k valuation — WHO bought it?
- Joint Venture land — valued at £950k vs £2.7m market — WHO benefits?
- Fushiebridge contracts — company OWNED by Council manager?
- Councillor pay rise — WHO proposed, WHO voted, WHO approved?
- £3.4m consultants — NAMES, TENDER STATUS, CONNECTIONS?
- Employee loans — ANY Councillors in debt to Council?

APPENDIX B — TARGETED FOI REQUESTS

Seven separate, legally sound FOI requests have been prepared covering:

- Land Sales & Purchasers
- Councillor Pay & Allowances
- Register of Interests & Declarations
- Consultants & Highways Contracts
- Council Companies & Structure
- Employee Loans & Indebtedness
- Service Budgets & Closures

These are ready for submission to foi@midlothian.gov.uk and chiefexecutive@midlothian.gov.uk.

REPORT UPDATED. Removed the referenced auditor appointment claim, added Whistleblower Contributions section, and added JAOC Investigation Team & Capabilities section listing all volunteer professional backgrounds.