

Minutes

Thursday 12 March 2026 10:00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
530th meeting of the Accounts Commission

Present:

Jo Armstrong (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie
Carol Evans
Jennifer Henderson
Angela Leitch
Christine Lester
Ruth MacLeod
Mike Neilson
Derek Yule

In attendance:

Sarah Watters – Director for the Accounts Commission
Helena Gray – Controller of Audit
Joe Chapman – Policy Manager for the Commission
Alison Cumming – Executive Director of Performance Audit and Best Value
Vicki Bibby – Chief Operating Officer
Mark Stocks – Partner & Head of Public Sector Audit, Grant Thornton (*items 5 and 11*)
Stuart Kenny – Director, Deloitte (*items 6 and 12*)
Owen Smith - Director, Audit Quality & Appointments (*Item 13*)
Jonny Steen – Incoming Director, Audit Quality & Appointments (*Item 13*)
John Gilchrist – Senior Manager, Audit Quality & Appointments (*Item 13*)

1. Apologies for absence

There were no apologies received or required from members.

2. Declarations of connections

Derek Yule and Malcolm Bell declared connections to items 5 and 11- Derek in his capacity as former Head of Finance of Aberdeenshire Council from 2001 to 2011, and Malcolm as a resident of Aberdeenshire. Having taken advice from the Director for the Commission and Ethics Partner in advance of the meeting it was agreed that neither were required to recuse themselves from today's discussions.

Angela Leitch and Derek Yule declared connections to items 6 and 12- Angela in her capacity as former Chief Executive of Clackmannanshire Council from 2009 to 2011, and Derek as a resident of Clackmannanshire. Having taken advice from the Director and Ethics Partner in advance of the meeting it was agreed that neither were required to recuse themselves from today's discussions.

Angela Leitch, Carol Evans, Jennifer Henderson and Malcolm Bell declared connections to item 13 due to their roles within audited bodies. Having taken advice from the Director and Ethics Partner, they did not consider their respective connections material and therefore would remain in the meeting and participate in the discussion of these items.

3. Order of business

It was agreed that items 10 to 15 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meetings

The minutes of February's meeting were agreed as an accurate reflection, and the minutes were approved as final. Sarah Watters, Director for the Commission, provided the following updates on actions:

- Commission's diversity & equality data – an update was shared with members following February's meeting
- Scottish Government's (SG) Additional Support for Learning review – members will be updated when information becomes available, likely by the end of March
- Recently published health & social care performance data – the Commission's communications group will meet by mid-April to discuss and progress the Commission's desire to maintain public and sector awareness.

5. Best Value: Aberdeenshire Council

The Commission considered the Controller of Audit's Best Value report on Aberdeenshire Council. The discussion explored the following themes:

- Transformation:
 - Progress – slow and complex to date. Council has moved towards a director-led programme with a project management office supporting, feeding into a programme board.
 - Transformation reserves – suspended whilst challenges of IJB were addressed, now lifted as IJB situation has improved. Auditors are content that this was an appropriate approach.
 - Governance – council is well governed, and leaders respond well to challenges. Programmes are well-run and progressing but attention required on transformation programme.

- Elected members oversight – members receive 6-monthly reports on transformation, intention to move to quarterly. Additionally, Strategic Change Board reports go to full council for review. Quality of reporting including success and progress measures could be improved.
- Changes to services – language around changes vs. cuts can vary, therefore difficult to quantify. Council is quick to respond to challenges and work with partners to deliver what is needed and scrutinise service redesigns to improve.
- Ambition of planning – stronger reporting is needed to clarify intended financial and non-financial benefits, enabling elected members to determine whether plans are ambitious and foresee impact on medium-term financial planning.
- Social care – council is proactive, identifying and addressing its budget shortfall. Changing demographics need to drive transformation. Strategic reviews of community hospitals and schools are taking place, given the potential impact of changing numbers related to over-65s and school age children.
- Impact assessment – officers are required to produce integrated impact assessments as part of their work. Reviews show this does happen, but evidence of discussion is lacking in minutes.
- Office rationalisation – progress is slow despite an embedded hybrid working and the workforce thematic recommendation that councils review their estates and requirements. Council is exploring options, but this is challenging.
- Finances:
 - Financial planning – auditors comfortable the council is taking appropriate decisions and actions as needed. 2026/27 budget is balanced, with additional funds earmarked for the Integration Joint Board (IJB). Budget gap is large, but council demonstrates commitment to addressing audit recommendations in its budget.
 - Savings – tracked via annual over- vs. under-spend figures. £21m of £28m target achieved, transformation progress caused under-delivery but the council made further savings in other areas. 2026/27 budget ensures all savings are identifiable.
 - Reserves – reserves are low but sufficient to survive a shock, further stress testing needed. Council has previously drawn on reserves but successfully increased reserves by £2m this year.
 - Capital – approach to assessing affordability of borrowing has been strengthened. Peterhead community campus is a key focus, and a strategy has been developed for this.
 - Transformation agenda and savings challenging but not unusual in the sector. Track record of community engagement.
 - Ness energy from waste contract – supplier has withdrawn. Additional costs of £2m per year to interim supplier but currently no other negative impact on balance sheet.
- Leadership and governance:
 - Cross party relations – political changes have not impacted decision making and officers have not reported any difficulties working with the administration

- Internal audit – seven areas of limited assurance identified, fairly common areas across the sector, causing no significant concerns. The council and its audit committee respond to issues and take appropriate actions as needed.
- Partnership working:
 - Joint services - council has several key partnerships and joint services which is positive but must now focus on those which can help it make more significant transformation of services.

Following discussion, the Commission agreed to decide in private how it wishes to respond to the report.

6. Section 102 report: Clackmannanshire and Stirling IJB

The Commission considered the Controller of Audit's Section 102 report on securing a section 95 (s95) officer at Clackmannanshire and Stirling Integration Joint Board (IJB), produced following the 2024/25 audit of the IJB. The discussion explored the following themes:

- Governance and risk management:
 - Cover arrangement – interim Chair raised the lack of a s95 officer at IJB's meeting in November 2025. Legal requirement for the role was noted, but no issue with the cover arrangement was identified. No evidence provided that discussions were held about arrangements in the event recruitment was unsuccessful. Formal process for legal advice has since been implemented.
 - Internal audit (IA) reliance – external auditors do review all IA reports as part of the audit process, but do not place reliance on them – this is Deloitte's standard practice.
 - Member scrutiny – level of challenge is typically proportionate. Members believed the internal support arrangements were sufficient whilst recruitment was underway. As the report states, there had been challenges in recruitment, and the Commission noted that this reflected the situation nationally.
 - Impact on partner organisations was minimal, as Chief Financial Officers (CFOs) had been heavily involved with IJB's work and shared the workload during this time. IJB finance team consists of two people, so workload had minimal day to day impact.
 - Protecting institutional knowledge – scheme of delegation is explicit about the importance of the s95 role and the need for cover in their absence. IJB chair rotates bi-annually.
- Leadership, collaboration and workforce
 - Lessons learned – opportunity for IJB and wider sector to reflect, particularly in light of significant turnover. Not aware of plans for a specific lessons learned exercise on this issue, but auditor is aware of reviews underway in other areas of the IJB.
 - Governance – separate governance and finance committees set up, IJB review the annual assurance statement in February, and two of the three partner bodies have agreed to an updated integration scheme. The governance in place whilst the s95

officer role was unfilled will be reviewed as part of the 2025/26 annual audit, due in late 2026.

- Recruitment update – CFO role was filled in December 2025, and recruitment is ongoing to fill the Chief Officer role on a permanent basis.
- Conflicts of interest – none identified, and as the CFOs had been heavily involved with the IJB's finance team before the s95 officer departed it was unlikely any would have come up, however the interim Chief Officer would have identified and managed had this occurred.
- 3 body partnership – no clear advantage or disadvantage identified by the auditor in having 3 partner bodies, however reflection on the support arrangements noted a positive working relationship between all three.
- Financial management:
 - Reserves management – IJB is in breach of its reserves policy, having no unearmarked reserves at the end of 2024/25. Auditors note this is common across IJBs and councils alike.

Following discussion, the Commission agreed to decide in private how it wishes to respond to the report.

7. Local government policy update

The Commission considered a report by Joe Chapman, Policy Manager for the Commission, providing an update on significant recent activity relating to local government.

Joe highlighted the following areas of interest:

- UK Government special education needs and disabilities (SEND) funding – consequential funding for Scotland has been set out for 2026/27 and 2028/29
- SG review of additional support needs – Janie MacManus's report was published today and will be shared with members
- Teachers' strikes – EIS union has said a draft agreement is due to be discussed and ratified by COSLA this week. No further details are available
- Local Government Benchmarking Framework – national overview report on 2024/25 council performance published earlier this week.

The following points were raised during discussion:

- West Lothian Council's decision to stop broadcasting meetings – projected savings likely include administration costs. Broadcast numbers are low, and the meeting will still be open to in-person attendance and the council will maintain communication with the public in other ways.
- Write-off of council tax arrears – members highlighted that this relates to debt going back three decades, so the figure is

proportionately small. It was suggested that this is looked at as part of the next financial bulletin report.

Action: Executive Director of Performance Audit and Best Value

- UK Government's SEND provision reform white paper – one member expressed interest in the paper and conclusions within, and the potential learnings to be taken from teacher recruitment and retention.
- Rural community sustainability – strong theme across today's policy update, and a theme for the Commission to ensure is reflected adequately across their work programme.

Following discussion, the Commission noted the report.

8. Chair's update

The Commission considered an update by the Chair, Jo Armstrong, on recent and upcoming activity. Jo highlighted the following items of note:

- Recent meeting with the COSLA President and Vice President, where key discussion points including the 2026/27 local government settlement, Verity House Agreement, Commission's work programme, current consultation on the Code of Audit Practice and the Solace/IS-led work in relation to self-evaluation
- Recent meeting with Ellen Leaver, Acting Director within Scottish Government's (SG) Local Government division.

During discussion, the following points were raised:

- Members requested an update following the risk deep dive session at the Audit Scotland Board.

Action: Chair of the Commission

- Members requested a reflection on Deloitte's State of the State event, which Jo, Helena, and Sarah will attend later today

Action: Director for the Commission and Controller of Audit

9. Any other public business

There being no other public business, the Chair closed the public session of the meeting.

10. Controller of Audit's update

The Commission considered an update by Helena Gray, Controller of Audit (CoA), on recent and upcoming activity, including the following:

- Scrutiny Coordination Group – survey of members in 2025 found the group felt there is overlap with the Strategic Public Sector Scrutiny Network (SPSSN). A formal proposal to remove duplication and overlap will be brought to May's Commission meeting alongside the planned update on scrutiny co-ordination.

- 2023/24 audit delivery – two outstanding audits are expected to sign off in April
- 2024/25 audit delivery
 - Two councils and one pension fund have signed off their accounts since the last update
 - Auditors are considering the impact that the fire in central Glasgow might have on balance sheets
 - Two further audits are on track to sign off next week
 - One council continues to experience significant challenges, progress is being made in response to a number of queries, Helena suggested that escalation is not required yet whilst this work is ongoing.

During discussion, the following points were raised:

- Members expressed concern regarding further slippage of 2023/24 sign-off dates – requested an update, and stressed the need to use the Response Framework as intended

Action: Controller of Audit

- Self-evaluation – Helena and Sarah met with Solace and the Improvement Service (IS) leads and audit directors recently, to discuss the piloting of the new approach but more detail is still required. Members remain supportive of self-evaluation and how it supports continuous improvement.

11. Best Value: Aberdeenshire Council

The Commission considered its response to the Controller of Audit's report on Best Value in Aberdeenshire Council. Members agreed to issue findings in response to the report, to be drafted by the Director and the Chair and circulated to members next week.

Commission members discussed and agreed upon a number of points, which will be included within the findings in the published report.

12. Section 102 report: Clackmannanshire and Stirling IJB

The Commission considered its response to the Controller of Audit's section 102 report on Clackmannanshire and Stirling IJB. Members agreed to issue findings in response to the report, to be drafted by the Director and the Chair and circulated to members next week.

Commission members discussed and agreed upon a number of points, which will be included within the findings in the published report.

13. Future Public Audit Model: Phase 3 governance arrangements and draft Procurement Strategy

The Commission considered the Future Public Audit Model's report on governance arrangements and the draft Procurement Strategy, by Owen

Smith (interim Director), Jonny Steen (incoming Director) and John Gilchrist (Senior Manager)), Audit Quality and Appointments (AQA).

Following discussion, the Commission:

- Noted the governance arrangements
- Agreed the draft principles set out in the report

14. Chief Operating Officer's update

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission.

During discussion, the following points were raised:

- Code of Audit Practice consultation – constructive session with audit firms, with positive feedback PAC and Scottish Commission for Public Audit are supportive of proposals in the draft Code and will respond to consultation.
- Parliamentary engagement – aware of likely turnover regardless of the election results. Utilise good working relationships to keep engagement happening through what is likely to be significant change.

15. Any other private business

There being no further business, the meeting closed at 2.25pm

Close of business