Minutes

Thursday 13 August 2026 10:00am

Audit Scotland offices, 8 Nelson Mandela Place, Glasgow, and online via Microsoft Teams
534th meeting of the Accounts Commission

Present:

Jo Armstrong (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
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
Vicki Bibby – Chief Operating Officer
Alison Cumming – Executive Director, Performance Audit and Best Value (PABV) (*online, private session only)*
Stephen Reid – Partner, EY *(Items 5 and 11)*
Rachel Wynne – Senior Audit Manager, EY *(Items 5 and 11)*
Kenneth Lawrie – Chair, Local Government Benchmarking Framework (LGBF) Board *(Item 8)*
Emily Lynch – LGBF Programme Manager, Improvement Service *(Item 8)*
Blyth Deans – Audit Director, PABV *(Item 8)*
Mark MacPherson – Audit Director, PABV *(Item 10)*
Catherine Young – Senior Manager, PABV *(Item 10)*
Rebecca Smallwood – Audit Manager, PABV *(Item 10)*

1. Apologies for absence

There were no apologies received or required from members.

2. Declarations

Jo Armstrong declared a connection to items 5 and 11 in respect of her role as Chair of the Wheatley Group, which has a connection to the council through the City Building joint venture. Having taken advice from the Director and Ethics Partner, she considered the connection to be material and would recuse herself from discussion of both items. It was agreed that Andrew Burns would chair these items in his capacity as Deputy Chair of the Accounts Commission.

Malcolm Bell, Nichola Brown, Carol Evans, Jennifer Henderson and Angela Leitch declared connections with item 13 due to their respective roles at audited public bodies. Having sought advice from the Director and Ethics Partner they did not consider their connections material and therefore would remain in the meeting and participate in the discussion of this item.

Angela Leitch also declared a connection with items 5 and 11 in respect of a personal connection with the former Chief Executive of Glasgow City Council. Having sought advice from the Director and Ethics Partner she did not consider the connection 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.

It was agreed that as an exception, item 13 would not be considered at today's meeting, as it had been discussed and endorsed by members via correspondence ahead of the meeting.

4. Minutes and matters arising from previous meetings

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

- Public Audit in Scotland brochure for new MSPs – circulated to members following June's meeting, with an adapted version published for public information, and used as part of current Commission member recruitment
- Controller of Audit's update on audit delivery – scheduled for September and November, with the agenda planner updated accordingly
- Private session with Clackmannanshire Council at item 10 – a note of the session was agreed with the council and circulated alongside the minutes of June's meeting.

5. Best Value: Glasgow City Council

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

- Financial management
  - Budget monitoring and governance – auditors content that elected members understand severity of financial challenges

  and appropriate governance and controls are in place; early evidence suggests financial management is improving
  - Overspends – attributed mainly to inflation and increasing demand for services but unaudited accounts show a small underspend in 2025/26
  - Budget support fund – fully exhausted as expected in 2025/26, the council must now rely on long-term financial planning to address future budget gaps
  - Finance team capacity – auditors acknowledge continuing challenges relating to workload, capacity and resilience but these have been managed well
  - New finance system – council seeking to replace existing system when current support expires in late 2027 but timing remains under consideration; governance and internal resource in place along with experienced third-party support which will bring insight from similar projects elsewhere

- Financial sustainability
  - Medium-term financial planning – auditors note planning is in place, including a three-year budget for 2024-2027 and a financial outlook covering 2026-2028, but that the council lacks a comprehensive medium-term financial strategy
  - Budget modelling – council has undertaken this, however, auditors would like to see more detailed projections, clearer scenario planning, better integration with strategic priorities, and more information on proposed future savings
  - Equal pay – key milestone of April 2027 cannot be assured given the complexity of the work involved, but senior leaders are committed to achieving this. Concerns over as yet unquantified financial impact, including if deadline is missed
  - Savings – strong track record of delivering planned savings – 92 per cent in 2024/25 (up from 82 per cent in 2023/24) and 92.5 per cent in 2025/26 (unaudited figure); auditors highlighted that robust financial planning is needed for this to be sustained
  - Reserves – levels have improved from 1.2 per cent to 1.9 per cent (unaudited), rebuilding reserves to return to a target of 2 per cent remains a priority but no target date set.
  - Transformation – activity is embedded within strategic plans and poverty crosses over with many of these; auditors feel transformation programmes must be better linked with financial planning to demonstrate the financial and wider benefits
  - Homelessness and Integration Joint Board – significant financial pressures; homelessness costs for the council projected to rise from £38 million to £90 million over three years; reliance on temporary funding measures and sale-and-leaseback arrangements highlights importance of robust medium-term financial planning to ensure sustainable solutions are in place.

- Leadership and governance
  - Capacity – risks remain across leadership due to various competing programme requirements; new Corporate

  Leadership Team taking strategic oversight, too early to determine effectiveness of this
  - Cultural change – Improvement Service's culture checklist has been rolled out to all staff to establish a baseline, with development sessions scheduled across the year, too early to evidence the impact of this work
  - Political leadership – acknowledged change of leadership in September 2026, major projects such as pay and grading will overlap administrations
  - Governance – equal pay and key audit recommendations receive appropriate oversight at senior and operational levels; governance framework strengthened through self-assessment and independent reviews
  - Elected member scrutiny – turnover on committees largely due to individual reasons; Finance and Audit Scrutiny Committee holds training sessions for members, and are reviewing arrangements for these to maximise attendance
  - City Building – progress made to address governance and financial reporting issues identified through whistleblowing, but further work is required in this area
  - ICT strategy – multi-supplier model decision was supported by a business case which considered risks, costs, and service needs, but will need effective governance to ensure success.

- Community engagement
  - Strategic planning – engagement is embedded within strategic plan and the council actively engages with the community and stakeholders across a range of initiatives in a variety of ways
  - Investment – Neighbourhood Infrastructure Improvement fund allows communities to influence how funding is spent in their area, assessment of its impact is still underway.

- Performance management and reporting
  - Timeliness and balance of reporting – auditors commented that annual performance reports have often been too late to include in the audit, and the 2023/24 report was not sufficiently balanced; system and capacity limitations have contributed to these issues; 2024/25 report published in April 2026, 2025/26 report expected in September 2026
  - LGBF indicators – reported annually to Operational Performance and Delivery Scrutiny Committee, and Finance and Audit Scrutiny Committee; also monitored at service level with focus on outliers; strategic performance group providing corporate oversight with support from Improvement Service.

- Workforce
  - Workforce strategy – no standalone strategy in place, but work is underway to produce this. However, comprehensive workforce planning is carried out at a service level
  - Staff satisfaction – staff feedback is gathered through targeted engagement, and there are currently no plans to re-establish a staff-wide engagement survey (last undertaken pre-COVID)

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

6. Local government policy update

The Commission considered a report by Joe Chapman, Policy Manager for the Commission, which provided an update on recent major publications relating to local government.

The following points were raised during discussion:

- Chief Executive changes across several councils – member query as to whether these may be seen as opportunities in relation to public service reform; three changes noted, only one currently a vacancy and recruitment underway
- Cairngorms wildfires – query about coordination of response at local and national level, and whether this could be a topic for future consideration in the Commission's work programme.
- Cost of Council Tax on council-owned empty properties – balance is unknown, but likely to be minor in context of council budgets; increased charge intended to discourage homes being left empty, and additional costs are partly offset by increased revenue from non-council owned empty properties
- Edinburgh's visitor levy – council intends to use revenue to support housing investment in order to reduce reliance on hotels and B&Bs for temporary accommodation, in turn freeing them up to increase tourism capacity
- Parliamentary Committees' pre-budget scrutiny – two formal calls for evidence currently underway. Commission Support Team contributing to a response to Public Service Reform consultation – narrowly defined scope, limiting broader commentary, but Commission position being reflected where possible. Further engagement opportunities are expected through discussions with the Social Justice, Housing and Local Government Committee.

Following discussion, the Commission **noted** the report.

7. 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:

- Meeting with the Convener of the Social Justice, Housing and Local Government Committee next week
- Introductory meeting with the Deputy First Minister scheduled for September, subject to Parliamentary business
- Andrew Burns hosted the first member recruitment event on 29 July, and Jo will host another after the Commission meeting today.

Following discussion, the Commission **noted** the report.

8. Local Government Benchmarking Framework (LGBF) discussion

Kenneth Lawrie, Chair of the LGBF Board, and Emily Lynch, Programme Manager, Improvement Service presented an overview of the Local Government Benchmarking Framework (LGBF), how it is being used, and the LGBF Board's strategic priorities for the next few years.

During discussion, a number of points were raised:

- Welsh improvement model – model focuses on corporate self-assessment with senior leadership and external input, LGBF focuses on delivery of services, so there is learning to be shared by both sides
- Public Service Reform strategy – currently limited focus on local government beyond shared services work
- Sickness absence rates – focus on this area can impact public perception but the important thing is using the information to prompt local action
- Current health and social care indicators – more information is needed on unmet need and additional support needs for children and young people, including transitions to adulthood. This is a priority for the LGBF Board and is being explored through ongoing development work, including with the Association of Directors of Education in Scotland
- Self-evaluation – use of LGBF within self-evaluation is as an external, objective source of data, which can be used to triangulate other evidence
- Inclusion of LGBF in SPI Direction – gives clarity on the value of LGBF and removed doubt. LGBF is also included in the new Code of Audit Practice 2026, further demonstrating the Commission's commitment
- Indicators, data use and the developing data platform – it remains challenging to identify a small set of indicators that provide an overall picture of local government performance, but councils are increasingly using relevant LGBF data and benchmarking to support decision-making, improvement, savings and prioritisation. The data platform should improve data quality and accessibility, and overall reduce resource requirements. A funding bid has been submitted to Scottish Government's Invest to Save fund
- National data requirements – rationalising data requests to councils would enable better use of existing resources. The LGBF Board is seeking greater clarity on how data is used and will continue working with government partners to simplify the wider data landscape, particularly if additional funding is not secured.

Jo thanked Kenneth and Emily for attending and looked forward to further discussions on ensuring that data remains robust, relevant and is able to continue to support improvement across the sector.

Following discussion, the Commission:

- **Noted** the previous report provided on the LGBF national overview published in 2024/25
- **Noted** the use of the LGBF within councils to support improvement
- **Noted** potential future areas of focus for the Commission in its use of LGBF

9. Any other public business

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

10. School workforce performance audit – proposed scope

The Commission considered the proposed scope for a performance audit on school workforce, which was presented by Mark MacPherson, Audit Director, Performance Audit and Best Value (PABV), Catherine Young, Senior Manager, PABV, and Rebecca Smallwood, Audit Manager, PABV.

During discussion a number of points were raised:

- Teacher support – suggestion to consider what work is being done to support teachers as part of this audit
- School and classroom violence – trends and the overall impact on the workforce will likely come through in audit work
- Scope of Commission-only audit – focus is on how councils manage their workforce, although evidence will indirectly provide intelligence and wider context and demonstrate impact of national policy on local education services

Outcomes and quality – creative and new approaches needed to attract people to the profession and retain current staff; audit may be an opportunity to identify innovation in areas that differ from the established model

- Alignment between graduate and substantive roles – many new teachers are unable to stay in rural areas beyond initial one-year contracts, leading to dependence on supply teachers and short-term contracts

Following discussion, and subject to consideration by the audit team and sponsors of the comments above, the Commission

- **Noted** the contents of the report
- **Considered** and **approved** the scope of the performance audit on school workforce.
- **Approved** the arrangements for emerging messages set out in the report

11. Best Value in Glasgow City Council

The Commission considered its response to the Controller of Audit's report on Best Value in Glasgow City Council.

There was further discussion and clarification of the following:

- Equal pay – the auditor provided further background information in relation to equal pay, but this did not feature in the Commission's response to the report

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 report, which will be published on 03 September 2026.

12. Controller of Audit's update

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

During discussion, the following points were raised:

- Clackmannanshire Council – the council and auditor shared a joint recovery plan with the CoA, focused on audit delivery and returning to statutory deadlines by the 2027/28 audit. The plan is to be discussed by elected members on 20 August, but further detail on the costs associated with the plan still require further work and will be brought back to the council at a later date. The Commission asked the CoA to seek further clarity on the timescales for this further work, and when a final, resourced recovery plan would be agreed, as well as assurance of the leader's commitment to recovery.

Action: Controller of Audit

- SPI Direction compliance – all of the audits completed to date, with the exception of Glasgow City Council as noted in their Best Value report, demonstrate compliance
- Local Authority Network update – Helena continues to monitor outstanding discussions, with the majority having now met. The Scrutiny Coordination sub-group will meet in late autumn to discuss progress
- East Dunbartonshire Council – section 102 report is delayed due to delay in sign off of the 2023/24 Annual Audit Report, which was signed off the week before this meeting. Helena confirmed this s102 will be brought to the October Commission meeting.

Following discussion, the Commission **noted** the report.

13. Code of Audit Practice supplementary guidance - draft

The Commission considered the guidance in advance of the meeting, via correspondence, and it was agreed that further time for discussion was not required at this meeting.

The Commission:

- **considered** and **commented** on whether the material appropriately expands on the requirements in the Code
- **endorsed** the material for submission to the Audit Scotland Board on 25 August.

14. Chief Operating Officer's update

Vicki Bibby, Chief Operating Officer, provided the following updates:

- Audit procurement timescales – procurement will be delayed until after Scottish Government has published its Programme for Government so any implications of proposed changes to public bodies can be considered
- Local Audit Office (LAO) – Helena Gray and Jo Armstrong had an introductory meeting with the LAO Chair, Bill Butler; Audit Scotland is also engaging with the LAO at an operational level to offer support
- Audit Scotland accounts – to be presented to the Scottish Commission for Public Audit (SCPA) once it is fully established and a Chair appointed; SCPA will also discuss Audit Scotland's audit modernisation work. 2027/28 budget process is now underway, with Accounts Commission engagement in September, and discussions with the Board and SCPA in the autumn.

During discussion:

- It was noted that the consultation on the 2027/28 Code of Practice for Local Authority Accounting in the UK is now open. The Executive Director of Audit Services will draft a response which will be shared and discussed with the Commission at its September meeting.

Action: Executive Director of Audit Services

The Commission **noted** the report.

15. Any other private business

Jo Armstrong raised the following points of interest:

- Jo's appraisal with Ellen Leaver – Acting Director for Local Government at the Scottish Government – took place last month, this was a positive meeting, and Ellen noted significant progress
- Clackmannanshire Council's s102 report follow up meeting – planning is underway to finalise date.

Close of business

There being no further business, the meeting closed at 3.45pm