

# Minutes

Thursday 14 August 2025 10.00am

Online via Microsoft Teams

523<sup>rd</sup> meeting of the Accounts Commission

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## **Present:** (online unless stated)

Jo Armstrong (Chair) (*in person*)  
 Malcolm Bell  
 Andrew Burns (*in person*)  
 Andrew Cowie  
 Carol Evans  
 Jennifer Henderson  
 Angela Leitch  
 Ruth MacLeod  
 Mike Neilson  
 Derek Yule

## **In attendance:** (online unless stated)

Sarah Watters – Director for the Accounts Commission (*in person*)  
 Helena Gray – Controller of Audit  
 Alison Cumming – Executive Director of Performance Audit and Best Value (PABV)  
 Vicki Bibby – Chief Operating Officer  
 Joe Chapman – Policy Manager (*in person*)  
 Stephen Reid – Partner, EY (items 5 & 10)  
 Rachel Wynne – Senior Audit Manager, EY (items 5 & 10)  
 Simon Ebbett – Head of Communications (item 11)  
 Mark MacPherson – Audit Director, PABV (item 12)  
 Jillian Matthew – Senior Manager, PABV (item 12)  
 Claire Tennyson – Audit Manager, PABV (item 12)  
 Lorna Munro – Senior Auditor, PABV (item 12)  
 Jessica Pringle – Audit Officer, PABV (item 12)  
 Gemma Diamond – Director of Innovation and Transformation (item 13)  
 Michelle Borland – Head of Organisational Improvement (item 13)

## **1. Apologies for absence**

Apologies were received from Christine Lester and Nichola Brown.

## **2. Declarations of connections**

Jo Armstrong declared the following connections in relation to the s102 report on Glasgow City Council (items 5 and 10):

- A connection to the council via the City Building joint venture via her position as Chair of the Wheatley Group.
- A connection with the former Chief Executive, who succeeded Jo as Chair of Hub West Scotland in January 2025.

It was agreed that Jo recuse herself from discussion, decision making, and any related media and that Andrew Burns chair items 5 and 10 in his capacity as deputy chair instead.

Angela Leitch also declared a connection in relation to the Glasgow City Council report, through a close personal connection with the former Chief Executive. It was agreed that Angela recuse herself from items 5 and 10.

Derek Yule and Sarah Watters both declared a connection to the Glasgow report, citing connections to the former Executive Director of Finance through previous roles. Neither connection was considered material to the discussion in relation to the s102 report.

### **3. Order of business**

It was agreed that items 9 to 16 would be considered in private, for the reasons stated on the agenda.

### **4. Minutes and matters arising from previous meetings**

The minutes of June's meeting were agreed as an accurate reflection of the discussion, and the minutes were approved as final.

Sarah Watters provided the following updates on actions arising:

- One action outstanding - related to audit delivery and escalation procedures which will be covered in items 9 and 14 today
- Three actions now complete - inviting Professor Sengupta to a members' forum; incorporating the Commission's comments into its consultation document which closes 15th August; and including public sector benchmarking absence rates in the recently published workforce report

*Jo Armstrong and Angela Leitch left the meeting*

### **5. Section 102 report: Glasgow City Council**

The Commission considered the Controller of Audit's Section 102 report on 'Senior officer exit packages' at Glasgow City Council, produced following the 2023/24 audit of the council.

The Commission explored the following themes with the Controller of Audit and Auditors:

- Restructure process, including:

- Bump redundancy rationale – based on succession planning and staff development but lack of clarity in the restructure paper. Limited comparable processes in the council. 2024/25 unaudited accounts show exit packages of £10.28 million
- Chief Executive departure – rationale on basis of efficiency unclear as role remains in place. Justification for link to previously deleted Executive Director role also unclear
- Head of Legal and Administration redundancy – individual changed role before departure in 2023, linked to bump redundancy process and included in restructure report.
- Financial impact, including:
  - Cost savings – projected £0.65m annually against £0.73m net cost of restructure, but unclear if and when these are fully realised as exits were phased over a three-year period
  - Pension repayment – chief executive chose to explore repayment with the pension fund on the basis of the Brodies report's conclusions regarding the approval of the exit package
- Member oversight:
  - Councillor knowledge and responsibility – unclear when elected members were informed of restructure proposals - subject of dispute as outlined by Brodies.
  - Scrutiny – Finance and Audit Scrutiny Committee provides a good degree of scrutiny overall and receives high-level reports on staff exits (detail subject to GDPR and confidentiality)
  - Improvement – Council has accepted recommendations from auditors and implemented changes to scheme of delegation; reporting on independent review in public shows commitment to improvement and transparency; scope for further training to enhance member oversight, especially on technical issues
- Brodies investigation:
  - Scope and terms were a matter for the Council and Brodies; findings from investigation considered sufficiently clear to identify lessons to be learned and improvement actions
- Best Value (BV) implications
  - Vision and Leadership – 'Red' rating in annual audit report reflecting governance and transparency failures in this matter, but an exception to overall BV audit findings.
  - BV Principles – key elements in place, leadership team is focused on embedding a refreshed culture to address some of the issues that arose in this case
- Nolan principles of public life
  - Adherence to principles – difficult to give a definitive view on whether there was a breach, but possible to perceive a breach, particularly of selflessness and objectivity principles, given lack of evidence of transparency, governance and scrutiny
  - Governance safeguards – lack of documented consideration of principles; Council taking steps to enhance awareness and understanding, including in relation to code of conduct and

consideration under scheme of delegation regarding consulting members on politically sensitive decisions

- Lessons to learn
  - Accountability – consequence of potential breach of code of conduct was out of Brodies' scope. Where rules are unclear, Nolan principles of public life should guide behaviour
  - Prevention and systematic change – need to consider how to disseminate the practical lessons outlined in the report, including in relation to decision-making processes, application of Nolan principles of public life, and ensuring appropriate scrutiny, training and monitoring;
  - Recordkeeping and burden of proof – poor documentation hinders assessment of governance and ethical compliance. Need for approvals to be formal and explicit, not implied

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

*Jo Armstrong and Angela Leitch returned to the meeting*

## 6. 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 items:

- Local Government, Housing and Planning Committee pre-budget scrutiny consultation – the Committee wrote to the chair with a range of questions related to transformation and service reform. Commission Support Team working with PABV colleagues to draft a response from the Commission, with approval delegated to Chair, Deputy Chair and the 2024 “Transformation in Councils” report sponsors, to be submitted by 29 August.

During discussion, the following points were raised:

- Teacher contact time – unclear whether benchmarking carried out against other UK nations regarding proposed reduction in time. Joe will follow up and report back in September on any updates regarding progress towards a reduction in contact time.

### **Action: Policy Manager for the Commission**

- Two-year pay award for councils – understood that Scottish Government has not contributed funding, as the agreement was reached between COSLA and the unions without the need for Government involvement as was the case in recent years

Following discussion, the Commission noted the contents of the report.

## 7. Chair's update

The Commission considered an update by Jo Armstrong on recent and upcoming activity.

Jo highlighted the following:

- Attendance at COSLA Leaders meeting in June – constructive session covering key topics including: ringfenced funding, financial instability in English councils, climate change and coastal erosion, and the importance of sport and leisure services.
- Commission's current consultation – lots of engagement, triggering meaningful conversations with stakeholders including COSLA and Solace. Discussion with Solace highlighted some key points:
  - Recognition that Commission's work and reports are valued, and are read and used by councils
  - Desire for an indication of the Commission's priorities – in line with messaging around the need for councils to prioritise
  - Desire for the Commission to do more sharing of good practice, using audit evidence to support the sector
  - Stakeholders are keen to engage and it's important the Commission considers their views in identifying and shaping priorities

## **8. Any other public business**

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

## **9. Controller of Audit's update**

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

- Audit delivery update –
  - One council's unaudited accounts are delayed, and now expected to go to auditors on 20 September
  - Update on those councils which have had delayed audits, with revised completion timelines given.
- Scrutiny Coordination Group (SCG) met earlier this month, discussion included:
  - Lessons to learn from Local Area Network (LAN) feedback, including improved communication with Chief Executives of councils
  - Updates to LAN guidance for auditors, and timely sharing of meeting notes
  - Solace/Improvement Service "Crerar" project provided an early-stage update on work in relation to self-assessment and peer collaborative improvement
  - Shared strategic priorities across partner bodies in the coming years, including an update on the Commission's Work Programme consultation.
  - Strong desire from scrutiny partners to become more data-led. SCG will reconvene later in 2025 to explore this.

During discussion, a number of points were raised:

- Scrutiny Partner Engagement – interest in challenges around meaningful partner engagement and reporting strategic outcomes via CPPs. Helena to add to next SCG agenda

**Action: Controller of Audit**

- Councils are not fully sighted yet on the Commission's formal response process but the recent activity from the Controller of Audit is a strong basis on which to build
- Community Planning Partnerships (CPPs) – most bodies on CPPs are audited by the Auditor General for Scotland (AGS), further discussion with AGS required to explore cross-sector implications
- Audit delays – growing prevalence. Opportunity to flag issues earlier; CoA has increased reporting to the Commission
- Supporting audited bodies - Desire to ensure audits are prioritised. Audit Scotland's Chief Operating Officer has written to all audited bodies stressing timely unaudited accounts and quality working papers (letter shared with Commission). Audit Scotland is managing delivery risks
- Financial sustainability – ongoing discussions with SG and COSLA
- Improvement Service peer collaborative improvement work - findings and lessons in development, with a structured framework linking scrutiny bodies. Includes robust self-assessment; report due 26 March 2026
- Public service reform – Alison Cumming will be meeting Deputy Director of Public Sector Reform to discuss recently published strategy and plans

After discussion, the Commission noted the contents of the update.

*Jo Armstrong and Angela Leitch left the meeting*

## **10. Section 102 report: Glasgow City Council**

The Commission considered its response to the Controller of Audit's s102 report on Glasgow City Council. Members agreed to issue findings in response to the report, which will be drafted by the Director and the Chair and circulated to members next week.

The Commission members discussed and agreed upon a number of points, which will be included within the findings in the published report. It was also agreed that a letter be sent to all councils, setting out expectations and learning points.

*Jo Armstrong and Angela Leitch returned to the meeting*

## **11. Commission Annual Review 2024/25 - final draft**

The Commission considered a report by Sarah Watters, and Simon Ebbett, Head of Communications which asked for feedback on the final draft of the Annual Review 2024/25 and the proposed web format, which Simon presented to members.

During discussion, members:

- Welcomed the interactive and accessible format, offering minor suggestions to improve its look and feel
- Highlighted the need for factual accuracy regarding unqualified audit and the audit years in question
- Stressed their desire to continue to focus on delayed audits

Following discussion, the Commission:

- Noted that further work is being undertaken to develop and finalise the web content
- Agreed that the communications group oversees remaining work ahead of publication later in August.

## **12. Improving care experience: Delivering The Promise – draft report**

The Commission considered a draft report by Alison Cumming, Executive Director of PABV and her team on the joint performance audit: 'Improving care experience: Delivering The Promise'. Alison thanked Angela and Andrew as sponsors, and the audit team for their work on a high-profile and complex piece of work.

During discussion, members:

- Commended the team on a well written report
- Highlighted learnings to share with other teams working on similarly large-scale and complex policy areas
- Stressed the need for robust programme management, including clear baselines, objectives and measurement of progress and outcomes
- Queried the achievability of the proposed timescales in relation to recommendations, and the impact of the forthcoming, parliamentary election
- Discussed 'Whole Family Wellbeing Fund' budget allocation to date, value for money and the need for clarity on future budgeting
- Discussed the lack of clarity about inter-relationships and prioritisation across policies

After discussion, the Commission:

- Approved the draft report, key messages and recommendations



- Agreed to delegate to the sponsors approval of any required final amendments resulting from the Commission's considerations
- Agreed the proposed publication arrangements.

### **13. Impact monitoring and evaluation report**

The Commission considered the annual report presented by Gemma Diamond, Director of Innovation & Transformation, which sets out progress implementing our impact monitoring, evaluation and reporting framework across Audit Scotland's audit work for the Auditor General for Scotland (AGS) and the Accounts Commission.

During discussion, a number of points were raised, including:

- Members welcomed the report and the evidence of impact
- Slow pace of change – recognising that not all recommendations have deadlines, which may have contributed
- National bodies – challenges in following up recommendations, particularly with multi-agency involvement, importance of realistic timescales
- Supported use of annual audit reports to improve consistency and drive focus across local authorities
- Financial sustainability – Gemma to amend wording in the report relating to financial sustainability to reflect significant challenges, particularly across IJBs and health boards;

#### **Action: Director of Innovation and Transformation**

- LG overviews – robust mechanism for tracking outstanding recommendations under development, and potential for audit committees to play a stronger role in this
- Scrutiny – SCG could support coordination of follow-up and learning from national reports.

After discussion, the Commission:

- Noted the contents of the report
- Agreed to the publishing of the report on the Audit Scotland website.

### **14. Commission intervention options – proposed framework**

Sarah Watters presented the report, which builds on discussions at January's Accounts Commission meeting and sets out a proposed framework which will guide the Commission on how they respond to statutory reports and audit delivery concerns, and inform stakeholders.

Sarah highlighted a number of key points, including:



- The framework applies to statutory reports and audit delivery only, not performance audits, at this point
- Points around changes to legislation on findings and hearings will be clarified
- Ministers' responses are not mandatory but it is unlikely that they would not support the Commission on high-profile reports
- Cabinet Secretary writes to all councils following S102 reports, including Best Value reports.

A number of points were raised during discussion including:

- 'Hearing Lite' will be reconsidered, as the term does not convey the right message
- Emphasis on proportionality – responses should be the least intrusive form necessary
- Budget – need for discussion with Audit Scotland on contingency budget for hearings, acknowledged that hearings incur additional costs for all parties and the decision to proceed must be justified against costs and cost-benefit analysis on all actions is important. This will be made clearer in the framework.
- Paragraph 48 should be amended to reflect that hearings are a valid option, as opposed to a "last resort".
- Paragraphs 16 & 17 to be reviewed – terminology 'illegally / unlawfully'
- There has been an expectation that every council should have an improvement plan, which has declined in recent years
- Reinforce the role of COSLA and IS in relation to continuous improvement
- Discussion on clearer timescales on audit delay escalation but recognition that each case is different
- Further work needed to clarify evidence thresholds for censure powers
- A revised version will be circulated by correspondence, after which targeted engagement will be planned ahead of wider publication.

After discussion, the Commission:

- Agreed the Response Framework – subject to any changes or additions being incorporated – as a key part of the way in which the Commission will deliver its statutory functions
- Agreed that the final framework should be shared with key stakeholders and published on Audit Scotland's website

## **15. Chief Operating Officer update (including Future Public Audit Model update)**

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission, which included:

- Vicki has written to all public bodies and auditors to stress the importance of timely annual audits (the letter has been circulated to Commission members)
- Future Public Audit Model – progressing well, with key discussions with the Commission sounding board. Further discussion is planned for the Strategy Seminar in September

Audit modernisation – engagement with firms including around use of AI; reassured that Audit Scotland's systems are performing well recognising the significant level of investment in the private sector. Further work to be explored on use of generative AI in public sector audits

England financial reporting framework – consultation on proposed changes for 2027/28 due later this month

2026/27 budget preparation – informal assumptions to be shared with Scottish Commission for Public Audit in September, full budget in December. Vicki proposed that following success of the previous year's approach we use the Commission subgroup – Chair, Deputy Chair, Derek Yule and Jennifer Henderson – again this year to review the Audit Scotland and Commission budgets, following which the Commission's core budget will be discussed formally. This was agreed.

## **16. Any other private business**

There was no other business declared.

## **Close of business**

There being no further business, the Chair closed the meeting.