

Minutes

Thursday 09 October 2025 10.00am

Audit Scotland office, 8 Nelson Mandela Place, Glasgow
and online via Microsoft Teams
525th meeting of the Accounts Commission

Present:

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

In attendance:

Sarah Watters – Director for the Accounts Commission
Joe Chapman – Policy Manager for the Commission
Alison Cumming – Executive Director of Performance Audit and Best Value (PABV)
Helena Gray – Controller of Audit
Fiona Mitchell-Knight, Audit Director, Audit Services (items 5 and 10)
David Jamieson, Senior Audit Manager, Audit Services (items 5 and 10)
Vicki Bibby, Chief Operating Officer (items 11 to 16)
Kathrine Sibbald, Senior Manager, PABV (item 11 – online)
Adam Bullough, Audit Manager, PABV (item 11)
Carol Calder, Audit Director, PABV (item 11 – online)
Nathalie Cornish, Auditor, PABV (item 11 – online)
Lindsay Stother, Audit Officer, PABV (item 11 – online)
Gemma Diamond, Director of Innovation & Transformation (item 12)
Michelle Borland, Head of Organisational Improvement (item 12)
Simon Ebbett, Head of Communications (item 12 – online)
Paul O'Brien, Director of Quality and Support (items 13 and 14)
Owen Smith, Director of Audit Quality and Appointments (items 13 and 14)
Sally Thompson, FPAM Project Manager (items 13 and 14)

1. Apologies for absence

Apologies were received from Carol Evans.

2. Declarations of connections

Malcolm Bell declared a connection to items 5 and 10, arising from his recent role as a panel member of the Standards Commission for Scotland on a case involving a member from North Ayrshire Council. It was agreed that Malcolm did not need to recuse himself from discussion of these items.

Jennifer Henderson and Malcolm Bell declared connections to items 12, 13 and 14 due to their roles within audited bodies. Having taken advice from the Director and Ethics Partner, neither member considered this 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 9 to 16 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meeting

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

- Controller of Audit updates on council capital programmes – Helena is working with the team to develop guidance for auditors.
- 'Recommendations' vs 'expectations' – working with PABV to bring a paper in December or January to explain rationale for when each term is used.

5. Best Value: North Ayrshire Council

The Commission considered the Controller of Audit's (CoA) Best Value report on North Ayrshire Council. The CoA wished to extend her thanks to the Council and the Audit team in completing the 2024/25 audit and transformation thematic work ready for consideration today, as the first of the CoA's Best Value reports based on 2024/25 audit work.

The discussion explored the following themes:

- Finances:
 - Reserve strategy – £85.1 million in earmarked reserves and a 2% contingency reserve. Reserves used to balance budgets in recent years, council exploring sustainable solutions
 - Budget gap – clarification provided regarding differing figures in different reports – due to timing of reports, and larger figure inclusion of health and social care

- Forecasts – internal modelling and monthly finance working group oversight informs Medium Term Financial Strategy (MTFS). Members questioned projections given underspend in 2024/25.
- Health and social care – Integration Joint Board (IJB) is recognised by the council as a significant financial risk, it holds £3 million of reserves, proposed savings for 2025/26 are £4 million, with savings of between £8.1 million and £21.4 million needed for 2026/27 (best- and worst-case scenario planning).
- Transformation:
 - Governance and delivery – well-governed programme, £3.1 million savings delivered to date, £8.5 million projected in the next three years, includes innovative projects such as a solar PV farm, first of its kind for a council in Scotland
 - Strategic ambition – programme is mainly focused internally, outward look now needed and the council is exploring opportunities with the other Ayrshire councils
 - Benchmarking – council reviews local performance indicators to identify areas for improvement, which feeds into planning services and informs strategic planning
- Performance:
 - Public reporting – council is addressing previous challenges with keeping online information up to date; dashboard completion due in March 2026; updated website launched in July 2024
 - Education – the region is an area of high deprivation with high costs per pupil due in part to pupil / teacher ratio, against low attainment figures. HMIE reports positively on how the council supports schools to improve the quality of education. Acknowledged challenges that government policies can have for savings in this area
- Community engagement:
 - Budget consultation – opportunity to share good practice on engagement with communities with other councils
 - Transformation – report recommends improvement in relation to sharing information on transformation work publicly
 - Community asset transfers – high number of transfers, no known quantification of savings but the primary objective of the policy is community capacity building rather than financial savings

Members also commended the council and audit team for their work in concluding the 2024/25 audit on time, allowing timely consideration of the council's position by the Commission.

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, providing an update on significant recent activity relating to local government. Joe highlighted the following items:

- Scottish Budget – date revised to Tuesday 13 January 2026 at request of Finance Committee, much later than normal, will have implications for council budget setting timescales
- Teachers' unions – ballot on strike action, no agreement on teachers' pay, conversations continue regarding teacher contact time reduction commitment from Scottish Government
- Community Wealth Building Bill – going through Scottish Parliament, the Committee's Stage 1 report has been produced supporting general principles

During discussion, the following points were raised:

- Falkirk Council – savings made from ending PPP schools contracts; no further info available but acknowledge costs will be incurred as management of schools and services is taken over; will be looked at as part of all councils' annual audits
- 'Pride in Place' fund – Joe will look into how this funding was allocated and whether COSLA was involved in any discussions

Action: Policy Manager for the Commission

Following discussion, the Commission noted the report.

7. Chair's update

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

Jo highlighted the following:

- Meeting with the Cabinet Secretary for Finance and Local Government the previous day - positive discussion, values Commission's work. Discussed IJB finances and encouraged further work in this area. Keen to see Commission's Work Programme when produced later this year. Encouraged Commission to help identify and share good practice.
- Meeting with Permanent Secretary, Joe Griffin, next week – planning to discuss how the Commission can support public service reform including single authority models

Andrew, Ruth and Sarah recently visited Glasgow City Council as a follow up to their S102 report. Andrew said it was a positive discussion, with the council providing evidence of significant changes to committee terms of reference, scheme of delegated functions, and arrangements for Chief Officer departures, which was very encouraging.

Following discussion, the Commission noted the update.

8. Any other business

There being no other 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, including the following:

- Audit delivery 2023/24
 - Update on late audit delivery, with two councils working towards October sign-off for 2023/24 audits. Timescales for 2024/25 audit will now be provided in November, to allow 2023/24 audit completion to be prioritised.
 - Clackmannanshire Council – officers and auditors were asked to jointly provide an updated delivery timeline for the 23/24 audit which has not yet been received
- Audit delivery 2024/25
 - 15 council audits and 17 IJB audits completed by the end of September with others expected to have been completed by firms (awaiting updates); improvement on last year; at least 15 Best Value thematics also completed
 - One council has not yet produced unaudited accounts as planned; expected to submit to the auditor this week

During discussion, a number of points were discussed:

- The Commission remains concerned about audit delivery within Clackmannanshire Council and asked that the Controller of Audit continue to work with auditors and the council to seek confirmation, after which the Commission can consider the most appropriate next steps as part of the escalation process outlined in the draft response framework discussed at a previous meeting
- Update requested in the next couple of months on late audits; noting the importance of ensuring quality as well as timeliness

Action: Controller of Audit

Following discussion, the Commission noted the update.

10. Best Value: North Ayrshire Council

The Commission considered its response to the Controller of Audit's report on Best Value in North Ayrshire Council. Members agreed to issue findings in response to the report, with findings to 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.

Andrew Cowie left the meeting

11. Delayed discharges performance audit – draft output

The Commission considered a paper by Alison Cumming, Executive Director of Performance Audit and Best Value (PABV). Alison noted that some of the data is subject to updates from Public Health Scotland and the report will be amended as required, with any material changes being shared with the Commission prior to publication. Alison also explained that the integration authorities' performance output will be published at the same time as the delayed discharges report, in early January.

During discussion, a number of points were raised:

- Members recognised the team's hard work on the report, and the challenge of ensuring a clear and focused scope despite a complex range of issues; keen to encourage local authorities, IJBs and other relevant bodies to make use of the report and the data tool
- Some feedback on length – suggestion to edit to maximise impact, with clear recommendations that are action-focused and easy to follow up, and potential for sharing of good practice
- Discussion around 'opportunity costs' in relation to delayed discharge beds as opposed to any actual cost savings; knock-on impacts across the health and social care system as well as individuals' wellbeing; availability of funding to support preventative approaches; and quantifying or otherwise reflecting the human impact

Commission members made several suggestions regarding terminology or clarity of wording, which the team will review and implement as necessary.

- Eligibility criteria – wider piece of work not included within this scope, but is being considered as an option in planning the future work programme

Following consideration, 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, the clearance process and updates to data
- Agreed the proposed publication arrangements
- Noted the publication schedule

12. Public audit in Scotland – interim evaluation report

Gemma Diamond, Director of Innovation and Transformation, Michelle Borland, Head of Organisational Improvement, and Simon Ebbett, Head of Communications presented the draft Public Audit in Scotland (PAIS) interim evaluation report, inviting the members to give their feedback on the recommendations within.

The team acknowledged the lengthy report, adding that this was necessary to cover the story and impact of the work, something that the internationally recognised consultant from Matter of Focus, who Audit Scotland has been working with for this evaluation, has recognised as exemplary.

A number of points were discussed:

- Executive summary – members recommended the inclusion of this to cover all the main points in a digestible way, including on the evaluation work, not just key messages and recommendations. It was noted that the report will be published in a web format, similar to the Commission's annual review
- Recommendations – acknowledgement of the need for specific and time-bound recommendations to support follow-up work; confident that plans set out for timescales, resource and implementation of follow-up work is achievable
- Outcomes – discussion around the overall tone of the report, and the need to avoid a perception of complacency. Progress made in relation to some outcomes more than others; for example, relatively few recommendations on collaboration and improving public services
- Audit timeliness – the figure of 61% of audits completed on time was noted, with a suggestion for more context to acknowledge the emphasis on quality alongside timeliness, as well as amendments needed as part of the audit process

Following discussion, the Commission:

- Noted the contents of the report
- Noted that, subject to any amendments agreed, the report will be tabled for approval at Audit Scotland's November meeting, and published to the Audit Scotland website in December

13. Future Public Audit Model discussion paper 4

The Commission considered the Future Public Audit Model project's Discussion Paper 4 on the theme of the delivery model for the annual audit, presented by Owen Smith, Director of Audit Quality and Appointments, and Sally Thompson, Future Public Audit Model Project Manager.

The report sets out a number of questions for consideration by the Commission and the Commission agreed its preferred options

14. Future Public Audit Model discussion paper 5

The Commission considered the Future Public Audit Model project's Discussion Paper 5 on the theme of communicating the model for the annual audit in a Code of Audit Practice (or equivalent), presented by Paul O'Brien, Director of Quality and Support, and Sally Thompson.

The report sets out a number of questions for consideration by the Commission and the Commission agreed its preferred options.

15. Chief Operating Officer update

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission. During discussion, the following points were raised:

- Scottish Commission for Public Audit (SCPA) engagement on the Scottish Budget – informal session held recently; final session still likely to be in December despite delay to Scottish Budget. Commission's budget working subgroup to meet after this Commission meeting, then budget presented to Commission in November for agreement
- Audit fees - Vicki will share draft letter with Chair and Director once the decision around fees for next year is agreed
- Future Public Audit Model (FPAM) discussion was held with Public Audit Committee as part of informal engagement on the FPAM project
- UK and Ireland Chief Operating Officers met on 03 October, part of regular engagement; good discussion on plans for Local Audit Office and potential future engagement with Audit Scotland.

16. Any other business

The Director raised one item of business in relation the changes in audit appointments. The Commission approved the following changes to audit appointments, following the retirement of an Audit Scotland's Senior Audit Manager in October:

- Gillian McCreadie to be appointed to Perth & Kinross Charitable Trust
- David Jamieson to be appointed to Tayside and Central Scotland's Transport Partnership (TACTRAN)

Close of business

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