

Minutes

Thursday 14 May 2026 10.00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
532nd meeting of the Accounts Commission

Present:

Jo Armstrong (Chair)
Malcolm Bell
Andrew Burns
Carol Evans
Jennifer Henderson
Angela Leitch
Christine Lester (*online*)
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 of Performance Audit and Best Value (PABV)
Pauline Gillen – Audit Director, Audit Services Group (*items 5 and 10*)
Mark Laird – Senior Audit Manager, Audit Services Group (*items 5 and 10*)
Blyth Deans – Audit Director, PABV (*Items 11 and 13*)
Leigh Johnston – Senior Manager, PABV (*Item 11*)
Zoe McGuire – Audit Manager, PABV (*Item 11*)
Fiona Lees – Senior Auditor, PABV (*Item 11*)
Rebecca Hall – Senior Manager, PABV (*Item 12*)
Bernie Milligan – Audit Manager, PABV (*Item 12*)
Kathrine Sibbald – Senior Manager, PABV (*Item 13*)
Kenny Oliver – Executive Director of Innovation and Quality (*online, items 14 and 15*)
Jonny Steen - Director of Audit Quality and Appointments (*Item 14*)
Jennifer Doolan – Manager, Audit Quality and Appointments (*Item 14*)
Paul O'Brien – Director of Quality and Support (*Item 15*)

1. Apologies for absence

Apologies were received from Nichola Brown and Andrew Cowie.

2. Declarations of connections

Jennifer Henderson declared connections to items 14 and 15, due to her role within an audited body. Having taken advice from the Director and Ethics Partner, she did not consider her connection material and therefore would remain in the meeting and participate in the discussion of these items.

Malcolm Bell, Carol Evans and Angela Leitch declared connections to item 15, 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 this item.

3. Order of business

It was agreed that items 9 to 17 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meetings

The minutes of March and April's respective meetings 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:

- Local Government Benchmarking Framework (LGBF) – Sarah will seek members' proposed areas of focus ahead of the discussion on LGBF with Kenneth Lawrie and Emily Lynch at August's Commission meeting
- Local Audit Office in England – an update on this work will come to a future meeting, and consideration is underway as to the most appropriate time.

5. Best Value: Angus Council

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

- Performance:
 - Prioritisation – 70 indicators that match strategic priorities. In the short-term, 32 of these are showing improvement, 27 are declining, with the rest either showing no change or no data at this time. Longer-term, 36 are improving and 27 are declining, with the rest unchanged.
 - Overall trends – LGBF data since base year 2010/11 shows that 49 per cent of the 108 indicators have improved, with 6 per cent remaining unchanged and 45 per cent declining.
 - Declining satisfaction rates – linked to decisions taken to address financial sustainability challenges. Complex picture but council satisfaction indicators are consistent with national trends.

New performance management framework – rolled out in 2025 after the Best Value Assurance Report in 2022 noted slow progress in implementing it; an effectiveness review will be carried out after the first year. Too early to judge the extent to which this will show how the council's chosen priorities are impacting on performance in different areas.

- Community engagement:
 - 'Engage Angus' online portal – allows members of the public to feed into budget setting and prioritisation. In its first year of use, public showed a strong preference for council tax raises over service cuts.
 - 2025/26 budget – residents were consulted in two stages. First stage asked to rank priorities, with responses broadly in line with the council's. Second stage sought residents' views on options to close the budget gap (though it is not always possible to implement the public's preferences).
 - 2026/27 budget – different approach, targeting engagement via schools, community groups, and others to improve reach. Less desire to increase council tax for this budget, with 70% responding 'no' when asked if council tax is value for money.
- Transformation:
 - Change programme / savings – achieved 82% of 2024/25 target, due to various factors. Lowest to date but auditors believe this was an anomaly, as 94% delivered in 2025/26. Council does track and monitor achievement of savings, using red/amber/green ratings, and the budget is actively managed.
 - Use of Change Fund – overseen by management board and managed on a case-by-case basis, requests must meet specific criteria to be considered.
 - Tracking and realising benefits – robust financial reporting in place for transformation. Non-financial reporting, such as outcomes and achievements, is less strong but this can be more difficult to report on.
 - Shared services and partnerships – Angus is strong in this area, multiple transformation projects are jointly funded, and there are good examples such as Tayside Contracts and the Tay Cities Deal. Monifieth Activity Centre is an example of a shift to community-led services supported by the council.
- Finances:
 - Updated figures – 2026/27-2028/29 budget gap projected at £30.2 million, up from £24.5 million previously projected. Plan to close £19.8 million through strategic use of reserves and council tax increases (up from £15 million), and £10.5 million through savings (up from £9.5 million)
 - Reserves – have been used to cover shortfalls since 2023 which the council recognises is not sustainable. 2026/27 budget does not rely on reserves to balance. Uncommitted reserves are low, however £5.5 million of overall general reserves of £44 million is earmarked for contingency. Longer-term financial strategy focuses on reducing use of reserves.

- Council tax – historically Angus has had one of the lowest council tax rates in Scotland
- Integration Joint Board (IJB) – 2024/25 reported a £2.43 million deficit, met by use of reserves. Planned use of £1.8 million of reserves in 2025/26. Plans are in place to meet structural shortfalls sustainably.
- Leadership:
 - New leadership – auditors have no concerns over leadership’s ability to deliver savings. Audit reports note confidence in scrutiny and oversight
 - Member scrutiny – improvement recommended specifically for change programme reporting. Scrutiny is robust, and members are offered workshops and training in technical areas
 - Senior management restructure – change of Chief Executive and retirement of a deputy gave opportunity to reflect on leadership structure and improve succession planning and resilience. Small savings are anticipated, and 2025/26 audit will reflect on how well the restructure is working
- Other areas of interest:
 - Workforce planning – recommendation around conducting a full skills audit is outstanding, previously planned but paused due to leadership change. Digital will now be the initial focus of the skills audit, against the context of the new digital strategy approved at the end of 2024/25, and then other areas will follow
 - IT assurance – council receives assurance reports from service companies, and no major risks have been identified. This is an informal arrangement, which auditors have recommended is formalised.
 - Audit adjustments – the council has planned to improve accuracy on future reports, and auditors report no significant concern regarding the amount of audit adjustments made.

Overall, members felt it was a good report and commended the council for its response to previous recommendations.

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 areas of interest:

- Post-election period – appointments of various roles will take place in the coming days, followed by the formation of committees. MSPs will elect committee conveners.

- Budget gap – Scotland faces a significant future budget gap, as outlined in its medium-term financial strategy, which did not receive much attention from parties during the election campaign.

During discussion, the following issues were raised:

- Mull school campus – ongoing debate, and unclear whether a recent decision to remove Barra and Vatersay campus from the Learning Estate Improvement Programme will be replicated.
- Aberdeen City Council's hydrogen buses – members noted the decision to stop the project and switch to electric vehicles, despite significant spend, and discussed potential for lessons learned.
- Glasgow's unpaid business rates – members noted this may be an area of interest in the next financial bulletin.

The Commission **noted** the contents of the update.

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:

- Clackmannanshire & Stirling IJB – Jo and Malcolm Bell met with the IJB's Chair, Vice Chair and Chief Officer last week. The Chair stated that members had been wrongly assured by officers that there were no risks when the statutory post was vacant, despite concerns being raised. Legal advice processes have now been strengthened, and the new Chief Financial Officer is improving governance and financial oversight. The IJB accepts all the findings and will consider the report formally in June.

The Commission **noted** the contents of the update.

8. Any other public business

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

9. Controller of Audit's update (including strategic scrutiny update)

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

- Scheduling of Best Value reports – a number of factors affecting the schedule, including additional section 102 (s102) reports for two councils
- Scrutiny coordination –
 - proposal for the Strategic Public Sector Scrutiny Network (SPSSN) to absorb the current scrutiny coordination group

(SCG) given there is a lot of crossover in both groups' work. SCG would continue as a sub-group, with a specific focus on local authority network (LAN) discussions, which the SCG previously identified as their main area of focus.

- Helena set out proposed next steps including engagement with key stakeholders on the progress made so far and proposed next steps.
- The Commission indicated it would welcome a broader discussion on the positioning of audit and scrutiny. The Director will add this to the agenda for September's strategy seminar

Action: Director for the Commission

During discussion, a number of items were raised:

- Audit delays – noted that East Dunbartonshire Council's 2023/24 audit has faced further delays as the auditor awaited updated accounts, now expected to sign off in June

Following discussion, the Commission:

- **noted** the contents of the report
- **agreed** with the proposed next steps in relation to outstanding 24/25 audits.
- **agreed** the proposed revised Best Value reporting schedule
- **approved** the proposal that SCG become a subsidiary group of SPSSN

10. Best Value: Angus Council

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

11. Local government budgets 2026/27 – draft budget bulletin

Alison Cumming, Executive Director of Performance Audit and Best Value (PABV) presented the draft local government budget bulletin 2026/27 for approval.

During discussion, a number of items were raised:

- Members like the succinct key messages and commended a well written report, including the clarity regarding some areas of local

government finance, but suggested further clarity may be needed regarding funding provided for specific commitments.

- Commission expectations – members noted good progress on previous years' expectations and suggested a similar preamble to 2025's bulletin be included, to reinforce existing expectations in terms of budget-setting practice. A checklist format for elected members was proposed, and the audit team will work with Communications to develop this as a supplementary output.

Action: Executive Director of PABV

- Annual audit reports – it was noted that some councils set their budgets having not had their most recent audit (or in some cases, an earlier audit) completed. It was suggested that the financial bulletin (published in January) would be the most suitable report to address this issue, while the budget bulletin (in June) focuses on the overall picture of the scale of budget challenges. Sponsors will consider this area in discussion with the team.

After discussion, the Commission:

- **delegated** final sign off of the draft local government budget bulletin 2026/27 to the sponsors
- **noted** the contents of the report, and the limitations of some of the data

12. Digital leadership and collaboration in local government – proposed scope

Alison Cumming presented the Audit Issues and Methodology (AIM) statement and scope for a performance audit on digital leadership and collaboration in local government, for approval.

During discussion, a number of items were raised:

- Assurance that there is limited duplication of this work and the Best Value Data and Information thematic audit work proposed for Year 5. Teams are working closely to avoid this.
- Case studies – councils proposed were chosen due to examples of innovation and good practice as well as their digital maturity. Broader perspectives will be fed in from other councils during the planned roundtable and wider evidence from sector wide leads.

Cyber-security – not directly included in this work due to complexity. Focus is on strategic leadership and will likely include how cyber risk is managed.

Digital systems affordability – value for money is a consideration when reviewing leadership. Previous report also highlighted need to overhaul funding for the Local Government Digital Office and members would welcome an update on progress

- Staff communication – carried over from previous digital audit which recommended ‘taking the workforce with you’, addressed within audit scope.
- Digital identity – user experience needs improvement, outside of scope of this audit but potential to consider in a future audit.
- Outputs must remain relevant and keep up with pace of change, which may require shorter timescales

Following consideration, the Commission:

- **noted** the contents of the report
- **approved** the arrangements for emerging messages set out within the report

13. Year five Best Value theme: Data and information management – proposed scope

Helena Gray presented the proposed focus for the year five Best Value (BV) theme for the Accounts Commission’s consideration and agreement

During discussion, a number of items were raised:

- Skillset – audit work will review data literacy and skills to determine whether councils have sufficient skills to design and manage data usage.
- AI – audit work will explore whether councils have the systems and the means in place to take advantage of tools such as AI as it evolves, rather than specifically at how AI is used.
- Data strategy – barriers to data sharing at an individual level may emerge as part of the scope, although wider sector level analysis may not be possible.
- No specific crossover with Improvement Service’s work on their digital platform, however regular conversations are taking place.

Following discussion, the Commission **agreed** to the proposed thematic focus as set out in the paper.

14. Quality of Public Audit in Scotland – draft annual report 2026

Jonny Steen, Director of Audit Quality and Appointments (AQA), and Jennifer Doolan, Manager, AQA, presented the draft Quality of public audit in Scotland (QPAS) annual report 2026. Jonny highlighted an overall positive picture, with improvement noted in quality ratings, along with positive stakeholder feedback.

During discussion, a number of items were raised:

- Definition of “audits not progressing” – clarification that audit delivery which does not improve by at least one month per year is considered to be “not progressing”
- Target achievability – four councils are at risk of not completing by the end of the audit cycle and this will be closely monitored and reported on
- Reasons for delays – resource capacity of audited bodies and the systems in place are recurring themes
- Performance audits – impact monitoring work will capture whether these have been effective in achieving intended outcomes.

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

15. Future Public Audit Model – Code of Audit Practice

The Commission considered a paper by Paul O’Brien Director of Quality and Support, which provided a summary of the results of the consultation on the Code of Audit Practice (the Code) along with a revised draft of the Code.

The Commission was content with Audit Scotland’s recommendation that a separate *conclusion* on financial sustainability and financial management (in addition to conclusions on Best Value arrangements overall) is not required but rather *commentary* on these two issues be provided by auditors (regarded as important to the sector).

The Commission also requested that explicit reference to the Local Government Benchmarking Framework and peer review should be added to the Code, given the sector’s commitment around these two areas and the importance that the Commission places on them within its Statutory Performance Information (SPI) Direction.

After consideration and discussion of the proposed changes, the Commission wished to note its appreciation of the way in which it had been engaged through the process. It then:

- **noted** the results of the consultation
- **approved** the Code for publication subject to the additions outlined above.

16. Chief Operating Officer’s update

Vicki Bibby, Chief Operating Officer (COO), delivered a verbal update to the Commission on the following:

- Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority Scotland Accounts Advisory Committee (LASAAC) – effectiveness review underway. Vicki has requested

that the Commission and CoA are given the opportunity to take part. The Controller of Audit and Director will draft a response to the CIPFA/LASAAC effectiveness survey.

Action: Controller of Audit and Director

- Local Audit Office – overseen in England by UK Government’s Ministry of Housing, Communities and Local Government (MHCLG), a new financial steering group has been established on which CIPFA sits. Audit Scotland’s Executive Director of Audit Services Group will also sit on this group. The COO will share information on this group with members via correspondence.

Action: Chief Operating Officer

- Possible changes to pension reporting happening, more details will follow when available
- Future Public of Audit Model phase 3 – actively looking to encourage firms to bid but ensuring they are clear on wider scope and Best Value reporting requirements. Invitations to tender planned for end of August. A further phase of Future Public Audit Model will be established to ensure effective implementation of the new Code, given changes proposed
- Workforce planning underway in Audit Scotland – considering technology’s role in remaining an impactful, innovative, value for money organisation
- Scottish Commission for Public Audit (SCPA) – will continue to oversee Audit Scotland’s budget (which includes the Commission’s budget). A focus will be on building a good relationship with the SCPA and the Clerk in the new session.

The Commission **noted** the update.

17. Any other private business

The Chair raised the following item:

- Recruitment process – Chair and Director are working with Scottish Government’s Public Appointments Team to produce a timetable for recruitment. An independent panel member has been agreed, with recruitment expected to begin in July. The aim is to recruit at least two new members in time for the January 2027 Accounts Commission meeting.

Close of business