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Public Audit Committee

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PUBLIC AUDIT COMMITTEE
2nd Meeting 2026, Session 7

CONVENER

*Neil Bibby (West Scotland) (Lab)

DEPUTY CONVENER

*Dawn Black (Angus North and Mearns) (SNP)

COMMITTEE MEMBERS

*Miles Briggs (Edinburgh and Lothians East) (Con)
*Alan Brown (Kilmarnock and Irvine Valley) (SNP)
*David Kirkwood (South Scotland) (Reform)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Stephen Boyle (Auditor General for Scotland)
Alison Cumming (Audit Scotland)

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Public Audit Committee

Thursday 3 September 2026

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Neil Bibby): Good morning and welcome, everyone, to the second meeting in 2026 of the Public Audit Committee. Under agenda item 1, we are to decide whether to take agenda items 3 and 4 in private. Do we agree to take those items in private?

Members *indicated agreement*.

Auditor General for Scotland (Work Programme)

09:30

The Convener: Agenda item 2 is consideration of the Auditor General for Scotland's work programme. I welcome our witnesses: Stephen Boyle, the Auditor General for Scotland, and Alison Cumming, the executive director for performance, audit and best value at Audit Scotland. This morning's meeting will inform our work for the year ahead, and we will have the opportunity to question the Auditor General and the executive director for performance, audit and best value on their work programme. I thank them for their attendance and for the reports that are before us.

I invite the Auditor General to make a short opening statement.

Stephen Boyle (Auditor General for Scotland): Many thanks, convener. We are delighted to be in front of the new Public Audit Committee, and we very much look forward to working with committee members over the course of the session.

As you mentioned, we are here to discuss our work programme with the committee. A central part of the role of Alison Cumming and her team is the development and delivery of the performance, audit and best value work programme on behalf of me and the Accounts Commission, which oversees local government audit in Scotland.

The papers that we have shared with the committee cover the detail of the work that Audit Scotland will undertake on my behalf and any joint audits that are a feature of Audit Scotland's work, whereby the Accounts Commission and I come together to undertake audits that span both our responsibilities.

As the Auditor General, I am responsible for providing assurance to the Scottish Parliament and the wider public about how public money is spent across Scotland's public sector, which includes the Scottish Government, the national health service, non-departmental public bodies, colleges, police and fire services and a wide range of other public organisations. The position of the Auditor General is independent from both the Government and the Parliament. My work supports parliamentary scrutiny, promotes transparency and helps to identify areas for improvement across public services.

Through Audit Scotland, I oversee a programme of work that examines the most significant challenges that Scotland's public sector faces. That work is done alongside our annual audit of Scotland's public bodies. We undertake performance audit and wider public reporting to assess how efficiently and effectively organisations are delivering services, how they are managing their resources and how they are preparing for the future challenges, pressures and opportunities that exist across their services.

My current work programme is focused on the sustainability of public finances, the reform of public services, the delivery of significant assets and infrastructure programmes, environmental sustainability, tackling poverty and inequalities and improving outcomes for users of services and communities across the country.

The operating environment for the Scottish Government and wider public services remains very challenging. Increasing demand, and increasingly complex demands, for public services, coupled with ongoing financial pressures, test the long-term sustainability of the public service delivery models. Addressing those challenges will require a clear strategic vision, strong leadership and sustained commitment to reform. As members know, public bodies are having to make difficult decisions about their priorities, transformation and investment. Through our audit work, we seek to provide independent evidence that supports those decisions and helps to improve outcomes.

As members are well aware, on Tuesday, the First Minister set out the Scottish Government's programme for government, which included proposals for changes to public body structures. We will carefully consider the detail of the plans and factor them into our forward work programme, so that we are continually able to provide assurance to the Parliament through our annual audit work and our forward performance audit programme.

Our aim is not simply to identify problems, but to provide objective insights that can help public bodies learn, improve and deliver better value for the public funds entrusted to them. By highlighting both risks and examples of good practice, we seek to contribute positively to the effectiveness and sustainability of Scotland's public services.

Lastly, we have shared some material with the committee that sets out some of the background to how we approach the preparation of our work programme and a summary of the audits that are currently under way, together with our thinking on the nature of the audits that we plan to undertake 12 to 24 months from now.

We are delighted to be here and very much look forward to answering the committee's questions this morning.

The Convener: Thank you for your report, and thank you, too, for the confirmation that you intend to factor into your work programme the announcements made in the programme for government and the potential reforms that have been cited by the First Minister.

I am sure that we all appreciate the intentions behind the audit outcomes listed on page 3, particularly the third outcome on

"transparency around public spending and decision-making",

and how that is critical to democracy. Indeed, in your opening remarks, you mentioned the importance of parliamentary scrutiny. In the previous session, the committee, as well as journalists and members of the public, commented on what it had identified as a lack of transparency from Government and public bodies, and the fact that auditors were not consistently provided with data and information in time for inclusion in audit reports was something that our predecessor committee discussed in its legacy report. From your perspective, what do the Government, public bodies and this committee need to do to ensure that data and information are given in full and on time in the interests of fulfilling this particular audit outcome?

Stephen Boyle: I will certainly bring in Alison Cumming to talk about that topic in a moment. Over the course of this morning's evidence session, we will both contribute to the range of questions that the committee will ask and the themes that it will highlight.

You are quite right, though. Your predecessor committee identified a number of examples in the previous session where it was not provided with information as quickly or in as full a way as it had expected for it, as the Public Audit Committee—and the wider Parliament—to discharge its scrutiny responsibility as it wanted. There are a couple of aspects to that, the first of which is the need for a recognition that openness and transparency aid public service delivery, scrutiny and decision making. We did see more evidence of that, perhaps towards the end of the last session, with public bodies providing more regular and more substantial updates to the committee.

I recognise that sometimes there will be trade-offs. It is probably unreasonable for me to identify some examples from the last session, but, particularly on the transparency point, I would just say that, although the committee was provided with updates, there were significant amounts of redactions in the material that was shared. I do understand that some of the material from public bodies that the Public Audit Committee was considering related to commercial interventions or transactions, and there will be a trade-off with some material needing to be considered in the context of commercial sensitivities. However, the default ought to be one of transparency and the sharing of public information—and certainly sharing it with this parliamentary committee. For our part, we will continue to engage with public bodies, especially the Scottish Government, on the importance of transparency, and its being the default, instead of falling back on the issue of commercial sensitivity.

On the issue of data—and I am sure that Alison will want to comment on both of these points—there are probably too many examples of reports in the last session of Parliament where we had to rescope or reframe our audits, because the quality of data was such that we were not able to do the audit in the way that we had wanted. Fundamentally, we undertake audits so that we can make judgments and recommendations for improvement or for insight. However, if we know from the outset that the necessary data is not available, we have to rescope. There were examples of that with regard to additional support for learning. Similarly, in relation to some of the judgments that we made on the Promise, we noted issues with the complexity of some of the data.

As I said in my opening statement, when designing and delivering services, particularly in the era of public service reform, high-quality data is extremely important in terms of informing decision making, tracking progress and knowing whether outcomes can be delivered successfully. Effective data strategies really matter, and we will continue to make that point with the Scottish Government across our audit work.

I will bring in Alison Cumming, because I know that she has been looking at some of these issues closely.

Alison Cumming (Audit Scotland): On the first point, I would bring to the committee's attention that Audit Scotland has statutory rights of access to information for the purposes of conducting our financial audits and our performance audits. However, it is incredibly rare for us ever to have to resort to those in order to get the information that we need to do the audits. In general, we find that public bodies are forthcoming when they understand how we are going to use that information. There will be occasions when we perhaps do not get it quite as quickly as we might have desired, but the reasons for that are generally positive.

As Stephen Boyle has said, data quality and data availability form a recurring theme across all sectors that we report on. Although, as the Auditor General said, that places a limitation on the scope of audit work that we can conduct, the underlying concern is what that means for the data that is available to public service leaders, ministers and elected representatives, including parliamentarians, who scrutinise those services and hold them to account.

The lack of data to inform an assessment of progress and future decisions is of particular concern, although we see areas where efforts are being made. For example, a wide variety of performance data is available in the NHS and is regularly published. We also encounter challenges where there might be difficulties with the sharing of data between different agencies, and that has been a theme in much of the Auditor General's work. One example that springs to mind in that regard is the performance audit on alcohol and drug partnerships that was undertaken a couple of years ago.

The Convener: That is helpful, thanks.

We will move to questions from members of the committee, starting with Dawn Black.

Dawn Black (Angus North and Mearns) (SNP): In your introduction, you mentioned public service reform. Can you give further information on what audit will look like in relation to public service reform, including in relation to targeted audits that you already have planned? Can you expand on the implications of the programme for government announcement, especially the issue of reforming the structure of the NHS so that there are only two boards? How will that fit into the audit programme? Can you also give us your thoughts on the financial gaps that we are facing and sustainable financing?

Stephen Boyle: I am happy to cover all of those points. The announcement on changes to structures that the First Minister set out to Parliament earlier this week in relation to public service reform was significant. We are keen to know when those changes will happen, what is intended to be achieved from them and what that means for outcomes for users of public services, and we want the Government to set out what contribution those changes will make to Scotland's fiscal position.

Much of the commentary that we have made over the past few years has been about the unsustainability of parts of the public services, together with the wider fiscal challenges. I would like to highlight to the committee one piece of work that was already in our programme, which is due for publication in May next year and will deal with the sustainability of public finances. Fundamentally, it looks at the Government's approach to productivity and efficiencies and what part savings will play in that, and it builds on previous work that we have done on Scotland's public sector workforce. Audit Scotland has, through the years, done a number of reports on that workforce. The last one was in 2023, when we looked at Scottish Government workforce arrangements.

09:45

The scope of that work is largely indicated in the papers in front of the committee this morning, but we might afford ourselves a degree of licence once there is more detail coming out from Government on the delivery arrangements for, and the intentions and outcomes of, the public service reform programme.

My clear intention is that we will still be reporting on that, and not only in the report that I just mentioned. I think that you would be hard pushed to find any of our reports that come to the committee over the current session that will not, to one degree or another, touch on the Scottish Government's programme for government and public service reform commitments.

Over the next few weeks, we intend to engage with the Scottish Government to understand and see a bit more of the detail of the delivery mechanics and some of the specifics, such as the changes in timescales, of the public service reform programme. I suspect that Parliament will be thinking the same.

I will make two final points before I pass over to Alison Cumming. You asked about our NHS work. We do annual financial audits and performance audits, and my role is to provide assurance to Parliament on public spending. Currently, we do that for the NHS through the annual audits of the territorial and national boards. Those accounts, through the boards' accountable officers, are laid before Parliament for consideration.

As I mentioned, we will find out more about the timescales for changes to NHS board structures, and to remits, which is also an important aspect. It is particularly important to understand more about where social care responsibilities might sit—as I think that the First Minister suggested—and find out what that means for NHS boards and the wider structures that currently exist, including the integration joint boards. We are keen to know more about that. I will find out more and then think about what that means for our annual audit activity as we move, in due course, to two territorial health boards. There is some suggestion that there will be separate arrangements for Scotland's islands by way of the single island authority model.

On my programme of performance audits, during the time that I and my predecessors have been in the role, the Auditor General has produced an annual report on the NHS in Scotland. Our work on that front is currently well under way, and we will report to the committee before the end of year on progress on reform, by which I mean reform as it as was known up until some of the announcements this week. Again, probably with a degree of pace, we will look at what we can say further in that report.

Alongside that, we already have plans in the programme for further work specifically on the NHS. There is a planned audit of orthopaedics in the programme, together with some work, towards the latter part of next year, on digital in the NHS. We are fortunate in some respects that audit is not always a retrospective activity. To a degree, it needs to be; we need to know the detail and then come in and audit. However, that is not exclusively the case, which allows us a bit of time for further engagement to refine our plans.

As you say, deputy convener, all of that work is designed to give assurance to the committee on the delivery of public services, especially, to go back to the point that you finished on, with regard to the fiscal position of Scotland's public services. We hope that all our audits in the round will do that, but in particular the first audit that I identified will do so. We will then come back to the committee next year on the further detail of how we plan to give assurance to Parliament on the public service reform programme.

That is quite a long answer, but I hope that it gives a bit of flavour of some of the work that we have lined up. If there is space, Alison Cumming might want to add something.

Alison Cumming: That was very comprehensive. I will just add that we will keep our programme under review, and I would expect that most of the future topics coming in will be considered through the lens of public service reform because of the scale of change that has been outlined in the programme for government. We will look for opportunities to report to Parliament in a timely manner on those. I expect that the Scottish budget publication at the start of December will give us more detail to allow us to consider some of the specific audits that we might introduce into the programme.

Dawn Black: Our papers set out that there will be a joint report with the Accounts Commission on housing. Can you provide further information on the current housing situation, the Scottish Government's plans to tackle the issue, whether national planning framework 4 is a factor and what your audit work for the report on housing will cover?

Stephen Boyle: We weigh up priorities when we think about which topics to consider for publication. As I mentioned in my opening remarks, the Accounts Commission and I come together in cases in which services span local government and national government delivery arrangements. Housing firmly fits into that category. We also take cognisance of some of the external policy pressures that are known and reported on. I draw particular attention to the national housing emergency that was declared, alongside some of the local housing emergencies in different parts of Scotland.

Our audit plans to look at how those emergencies are being responded to, and at progress on the delivery of the Scottish Government's target for 110,000 affordable homes, the factors that are helping to meet the delivery of that target and what some of the constraints might be. As you mentioned, consideration is absolutely given to the planning arrangements that are very much part of the system.

It has been a number of years since Audit Scotland most recently looked at housing arrangements. If memory serves me correctly, we are probably going back to 2019. Much has changed in the period since then. Across our audit work, we often find that it is rare to come across an entirely new topic, particularly given that Audit Scotland has now been producing audit reports for 26 years. More often than not, we have touched on a topic in one guise or another, so an audit also gives us an opportunity to take stock of previous recommendations and progress against them.

We intend to cover the themes that we have listed, and on the point of timescales, the housing report will be one of the first that we will bring before the committee in 2027.

Miles Briggs (Edinburgh and Lothians East) (Con): Good morning. Thanks for joining us. I want to ask a couple of questions about capital projects, and specifically major capital projects. Could you outline the work that you have provisionally planned for on the dualling of the A9 and on the building of HMP Glasgow?

Stephen Boyle: I will let Alison Cumming lead on both those topics, if that suits.

Alison Cumming: As you have alluded to, that work is in the planning stage at the moment. We recognise that, given that Audit Scotland's core function and objective relate to spending public money well, there is a strong interest in our looking at significant capital projects involving large areas of spend and ensuring that the decision making, governance and programme management on those projects maximise the chances of that money being spent well.

The A9 dualling project is a multiyear programme. We consider that it would offer most value for us to look at that in the next couple of years to see where it is at, rather than waiting for its overall completion and then looking back at how it was achieved, so that we can examine the potential lessons that can be factored into the remainder of the programme. In all likelihood, we will consider how the overall programme is being delivered through the different projects and packages, and we will report on the progress to date.

HMP Glasgow represents a very significant part of the Scottish Government's capital spending plans, as was set out in the spending review earlier this year. We are in the early stages of scoping work on that. There is likely to be a focus on value for money, and we will give consideration to how the plans for that significant part of the prison estate link to the future strategy, objectives and proposals for managing the prisoner population in Scotland, because we want to ensure that the appropriate links are made.

In all likelihood, the Auditor General will consider including those topics in his programme for 2027 or 2028.

Miles Briggs: That is very helpful.

I want to move on to NHS infrastructure projects. Just before the recess, ministers outlined to the Parliament that the plans to replace Monklands hospital had been paused because of cost escalation. Will Audit Scotland be looking at that specific project, as well as other NHS projects?

Stephen Boyle: Given the scale of the project, there would be interest in an audit, either through the annual audit process or perhaps through the performance audit and best value programme in due course, but we have not set a timetable or scoped out our intentions for that project.

To digress for a moment, I note that one of the themes of the previous session of Parliament was the emergence of stronger rigour by the Scottish Government in relation to value-for-money considerations, written authority, shareholder authorisation and so on. That goes back to the convener's question about the transparency that is necessary and appropriate in relation to complex commercial decisions.

The fact that a healthy decision was taken that a project would not deliver value for money is a sign of progress. We need to understand the timescales and whether the business case is clear and consistent with the Scottish public finance manual, His Majesty's Treasury guidance and so on. Once we are clearer on the details and timescales, we can consider how an audit would best fit into our future programme.

Miles Briggs: There were announcements in the programme for government on significant public sector reform and changes in lead agencies, with the Government outlining that two health boards would potentially be taking forward strategic projects. There could be significant upheaval, with a health board starting a project and then a new entity finishing it or taking it forward. What are your plans to track that?

I am concerned that, as is the case with any project, the people involved could change, with individuals who have institutional memory moving on or going to different organisations. That would be hugely problematic in relation to cost escalation and the failure of projects, and it could cause huge problems for your auditing of how projects are taken forward. Are you wise to that and to how to potentially get ahead of such issues? The major problems that we have had during my 10 years as an MSP have often been caused when individual leads have moved on or projects have been cancelled, with huge amounts of public money wasted.

Stephen Boyle: We are alert to that risk. There have been examples, as you described, of projects that have experienced longer timescales or cost growth. That has sometimes been down to the reasons that you have described, but a range of external factors can also contribute to such issues. We are alert to those risks, but it probably matters more that those who are charged with delivering projects are alert to them, so that there will be appropriate leadership, governance, oversight and public engagement in the delivery of projects.

I am trying not to be naive, Mr Briggs, but the project that you mentioned ought to be able to continue as planned, regardless of the organisation that is leading it—whether it be NHS Lanarkshire, as it is currently, or one of the consolidated structures proposed in the programme for government.

That is consistent with the wider point about public service reform. We are talking about complex planned changes, so the details, delivery arrangements, timescales and anticipated outcomes must be clarified before the Government embarks on a significant programme of change.

That will be the key onus and responsibility on NHS Scotland leaders and the Scottish Government, together with the boards. I am sure that that will be a firm part of the planning arrangements for the delivery of not just the replacement for Monklands hospital but any capital projects in the NHS or the wider public sector.

10:00

David Kirkwood (South Scotland) (Reform): Thank you for coming this morning and for the copious briefing documents, which are very useful. I refer you to the infographic on page 4 of your work programme document, and particularly the small section on environmental sustainability and climate change. It is good to see those two things being separated slightly, because climate change seems to be synonymous with environmental sustainability in many people's eyes.

You mention "Delivering climate change commitments", but reduction in carbon dioxide emissions seems to be the overriding factor in absolutely everything under the title of the environment. Do you ever quantify the costs to society of the reduction in industry, the reduction in economic output, the loss of jobs and higher energy costs because of that?

Stephen Boyle: Alison Cumming might want to comment, because she has looked at a lot of the policy progress and the delivery of climate change activity across Government and through our audit work.

What we have not done, and which I think is your suggestion, is whole-scale audit work on the totality of the ramifications of both climate change and environmental sustainability. We have looked at that but, actually, the delivery of such an audit, given its scale, size and complexity, would probably push out many other aspects of the programme and the prioritisation that we want to do. That also speaks to the convener's point about the availability of data and how we would make appropriate judgments.

In the previous session of Parliament, I, the Accounts Commission and Audit Scotland all produced various reports on aspects of environmental sustainability and climate change. We had an audit on some of the fundamentals that explored how decisions were being made in the Scottish Government and what the governance arrangements were. We looked at that in order to understand the policy delivery and intention. We reported on that, and we will follow up on the progress on that and bring that detail back to the Public Audit Committee.

Before I hand over to Alison, it is worth mentioning a couple of other reports that we will follow up on. One was on heat in buildings or heat in homes, and it discussed how that was progressing, and the nature of the transition aspects of that public policy. More recently, we reported on the realities of climate change and how Scotland is equipped to cope with some of its implications, and particularly flooding. Again, we explored that with the use of data to make judgments on how public bodies were responding and what information was being given to the public about how to prepare ourselves.

Rather than looking at preventing climate change, those audits looked at how we are adapting as a country to respond to the realities of climate change. On all three of those, we will come back to the committee with details of progress and the impact of that work.

I hand over to Alison, who may want to address other aspects of your question.

Alison Cumming: I will touch on some of our recent audits, which, in many cases, have been joint audits by the Auditor General and the Accounts Commission, looking across local and central Government. We have tended to follow the public pound and look at where the Government is either already spending or planning to spend large sums of money.

On the flooding audit that the Auditor General mentioned, significant public investment is planned and is being made in major flood schemes. In addition, very significant investment is required in heat in homes. There are questions to be answered as to how that investment will be split across public, private and households. In the active travel space, at the start of 2025 the Auditor General and the Accounts Commission produced a joint report on the Government's commitments to reducing car use.

The theme that we have seen across those audits is that such policies tend to be complex, multi-agency ones that require different levels and organisations within public services to work closely together, but the challenges that we have tended to highlight involve being clear on the intended impact of these investments and then having the measures to track them. In many cases, the measures will be carbon emissions, but they are unlikely to be the only measure of success for many of these projects.

In March, Audit Scotland produced a report on our climate change work, entitled "Transforming the approach to climate change: Lessons from public audit", which brought together five themes where the Government, and other parts of the public sector, need to focus their efforts to make a success of future climate projects. However, many of the lessons in that report are relevant to the delivery of any complex programme and any commitment of spend. It covers areas such as leadership and collaboration, financial planning, governance, planning for delivery and finally—and particularly important, we think, for climate projects—public engagement and engaging with communities on the implications of the decisions being taken and the expectations of the respective roles and responsibilities of public and private sectors and citizens.

David Kirkwood: It is interesting to hear that you have audited the governance behind some of this. Have you ever audited the science that has generated the decisions provoking that governance?

Stephen Boyle: Not directly, no. We are clear that our audit work is focused on public spending and what that spending produces in the form of outcomes.

That is the boundary of our work, to some extent. We do not comment on or audit the merit of policy—it is a matter for Government and Parliament to determine policies. Instead, we consider and report publicly through this committee on how well the money that has been allocated through the Scottish budget is being spent and on Scotland's fiscal sustainability in the years to come.

The report on governance was interesting, and it signalled the point that Alison Cumming has just made. These are very complex projects, and complex ambitions go along with them, and those fundamentals of governance, leadership, clarity of roles and responsibilities and appropriate data to support progress and decision making are some of the themes that we have returned to in our work and some of the fundamentals that need to be in place for the delivery of any policy project, especially complex ones involving climate change.

David Kirkwood: Have you considered any of the opportunity cost of the net zero programme? Before the recess, the First Minister confirmed in the chamber that we will be spending about £5,000 million over the next year on net zero-related projects, but in the meantime our fresh water is being polluted with perfluoroalkyl and polyfluoroalkyl substances—PFAs—microplastics and pharmaceuticals, and there is no money to clean it up. Have you considered the issue of opportunity cost at all?

Stephen Boyle: Again, I feel that that sits more in the policy environment, and we do not comment on the merit of what I think are political and policy choices. Inevitably, though, the issue will touch the audit space at some point or another. Public bodies, particularly those delivering environmental services, ought to have a clear grasp of those risks where they encroach on their statutory responsibilities, and they ought to know that they have quantified the delivery of those risks. Public auditors will have an awareness of that, and they will be able to report it through either a local audit or, in due course, through our performance audit programme.

However, it is a very relevant point, and it probably speaks, I think, to the trade-off in choices that public bodies and policy makers are having to make within the existing fiscal constraints. As I have said, our programme is a rolling one and we can give consideration to Parliament's views as we develop it in the years to come.

David Kirkwood: I will move on to something entirely different. Section 22 reports are dreaded by public bodies because they are exception reports and are generally issued only when something has gone seriously wrong. Has any consideration been given to issuing such a report as an exception when something has gone really well, as a good example to everybody else?

Stephen Boyle: I think that Audit Scotland can do both of those things. However, the section 22 report is not necessarily the vehicle by which to convey to Parliament a message about where something has gone really well in a public body. The section 22 report gives the Auditor General the opportunity to report to Parliament on the findings from an annual audit.

It is fair to say that I recognise your characterisation of a section 22 report. More often than not, it is where I highlight to Parliament situations in which public spending, leadership or governance have not gone as intended. However, such a report can also be an example of a turnaround. Whenever I present a section 22 report, I send a follow-up in writing to the committee on what happened thereafter—you will receive either a letter from me on the results of the following year's audit, or a further follow-up report with details of the progress that has been made. The narrative about what went wrong can be turned around and become a discussion of what is a lot better than it was originally, following the scrutiny that this committee will undertake.

Another example of where a section 22 report differs from your characterisation is the section 22 report on the Scottish Government's consolidated accounts, which I produce annually. Other section 22 reports are produced after a wait-and-see period during which I engage with auditors over the course of a year to share insight and intelligence. Auditors will share with me whether there may be a matter that might be worthy of consideration, and that is something that we will engage with public bodies on. The last thing we want is for a public body to think that its audit is completed, and then get word from Audit Scotland that the Auditor General plans to do a statutory report on it. That has to be known appropriately far in advance, and we have guidance that ensures that that happens.

However, the report on the Scottish Government's consolidated accounts is more of a public interest report. Because of the scale of spending and the range of activities that are undertaken by the Scottish Government, my predecessor and I have been firm about reporting annually to the Scottish Parliament on how that £60 billion or so has been spent, what has been achieved, the challenges for the future and the opportunities alongside that.

On your wider question about how we discharge our responsibilities with regard to good work, I will pass to Alison Cumming, who can share some of what we do in that regard.

Alison Cumming: Through our section 23 programme of audits for the Auditor General and the Accounts Commission, we seek to bring out areas that are working well. That can be done through case studies in the reports that highlight examples of things that have worked. We do not just go in looking for things that have gone wrong; we are looking to provide an objective assessment against the audit questions and at how there is scope, through how we report and how we share our findings, to ensure that other parts of the public sector know where something has gone well.

A recent example would be the Auditor General's report on the Scottish National Investment Bank, which included significant examples of positive practice. Similarly, the "Transforming the approach to climate change: Lessons from public audit" report, which I referred to earlier, includes a number of case studies that highlight things that we consider have worked well. We are also looking to further develop what we are describing as an insight series drawing on the success of the climate change publication, which we know that public service leaders have found useful. In that series, we will draw out lessons that can be learned and make them more accessible to leaders in the public services.

I would also say that one of the things we are very conscious of through our work on public service reform is that things that are tried in the public sector will not always work. As long as public service leaders and the elected politicians overseeing what is being done have put in place the right arrangements to monitor it, and provided that the right controls are put in place to protect public money, we would not want public audit to be seen as a reason not to try something that might not go well, because a great deal can be learned from trying things out. We are increasingly conscious of that through our reporting, and it will be a significant consideration for us in our audit approach to the public service reform programme.

David Kirkwood: Thank you.

10:15

Alan Brown (Kilmarnock and Irvine Valley) (SNP): Good morning. I will turn to the work that you have been doing on the Glen Sannox and the Glen Rosa, but, first, the previous Public Audit Committee had been looking for the forensic examination of the accounts of the predecessor company, Ferguson Marine Engineering Ltd. Do you know the status of that? Has the investigating auditor who was appointed by the Scottish Government produced a draft report on their findings following that examination? If so, what are the next steps?

Alison Cumming: Good morning. The Auditor General's remit does not extend to the financial records for FMEL, so the Scottish Government has commissioned an external firm of accountants to undertake a forensic review. We understand that that is very well advanced and at the reporting stage. We anticipate that the Scottish Government will update this committee, as it had undertaken to update your predecessor committee, on progress with the review. The Auditor General had agreed with your predecessor committee that Audit Scotland will provide advice to the committee on what the review has found and the implications for other public audit work. At the moment, we cannot say exactly what that will look like, because we have not seen the outputs from the forensic analysis, but I hope and anticipate that the Scottish Government will come to the committee soon with an update on the progress on that work.

Alan Brown: Does "soon" mean "as soon as" or "very soon"? Have approximate timescales been given?

Alison Cumming: I am afraid that the Scottish Government has not shared the specific timescales with us. We know that the work is at a very advanced stage, so I anticipate that we will be in a position to update the committee imminently.

Alan Brown: Thanks. The Glen Rosa was supposed to have left the Ferguson Marine shipyard for the final stages before being deployed in the CalMac Ferries fleet. Do you have any idea about the timescales for completing your audit or moving to the next stages of auditing the costs of the two ferries?

Stephen Boyle: The history is that we planned to do this audit probably a number of years ago. We have done a range of reporting on ferries over the years. We did a wider audit of ferry services, and we then did a specific audit of progress on the ferry that is now the Glen Sannox. The predecessor committee undertook extensive evidence in its own inquiry into ferry services. My commitment to that committee was to complete an audit once both vessels were built and handed over, and that remains a commitment to this committee. We have already done a considerable amount of audit work on the progress of the Glen Rosa, the lessons that have been learned from the Glen Sannox, and, as we suggest in our synopsis of scope, the lessons that have been learned and their applicability to wider commercial projects or capital investment projects that the Scottish public sector plans to undertake.

As is the case for the forensic review, I do not have a definitive date to give the committee for when the Glen Rosa will be completed. Communicating the timescales to Parliament is a matter for the Scottish Government and Ferguson Marine (Port Glasgow) Holdings Ltd. My assumption, however, is that it will be early next year, once the vessel is completed, that we pick up our audit work. In effect, we will be picking up that work, because we took it to a certain stage, short of the finalisation of judgments and reporting. We have done a lot of the work already and plan to conclude it and then report to Parliament. This is not definitive in terms of the timescales but, as I say, it will probably be into early 2027 that we do that.

Alan Brown: You have spoken about lessons learned from the Glen Sannox. We are looking at future procurement. Is there any work that could be done now? There was a report recently in *The Herald* that said that the Scottish Government has committed money for the modernisation of the yard. Obviously, that money is there to set up the yard to be a better place for future work. I think that £14 million has been set aside, but less than £1 million has been allocated so far.

The shipyard has been nationalised and should be a national asset. We want to make the best use of that asset in future. Somebody somewhere has identified that we need to do X, Y and Z to modernise the yard and that it will cost £14 million. Why has that money not been spent? For me, there is a lesson learned there, especially if we are considering direct awards of four smaller vessels. Is the yard in the right place to take those next steps?

Stephen Boyle: I do not have any insight to share with the committee on the detail of that funding or why it has not been progressed as intended. As members will know, your predecessor committee, as well as taking an interest in the delivery of the Glen Rosa and the Glen Sannox and the wider ferry programme, took evidence from me on reports that I produced on Ferguson Marine (Port Glasgow) Holdings Ltd and the work that the auditor produced over the course of their annual audit.

It is an option for me to consider progress on that front, but the yard and the Scottish Government would probably be best placed to inform the committee on the detail of that, if that is something that you are interested in. Our audit work on Ferguson Marine (Port Glasgow) Holdings Ltd is ongoing and we have the planned further reporting on the Glen Rosa. I think that, after those two stages, we will take stock of what that means for further ferry programme activity or other transport capital investment.

I hope that we have conveyed to the committee that, although the programme that we have in front of you has the detail probably into the middle of next year, this discussion and wider engagement with the committee over the next few months will allow us to understand and consider your areas of interest as I develop the programme further. At the moment, I am very clear on your interest in that issue, and I am happy to note that and consider what it might mean for further stages of the programme.

Alan Brown: There are also considerations about how the Glen Sannox is being deployed. It is not currently on the direct Arran route, which it was originally procured for—that was the stated aim—but is part of the wider fleet. Is that a consideration? At the start of the procurement process, we said, "We need this ferry for X." If it is not being used for that purpose, are there procurement considerations there as well?

Stephen Boyle: Alison Cumming might want to come in on this. If it comes out clearly during the audit that there are unexplained reasons for that, we will think about what that means for our reporting. I suspect that there will always be some boundaries around what is an operational decision for the ferry operator, relative to the success or otherwise of the delivery of the project. However, as we complete our work, we will consider whether the situation that you describe is inconsistent with what was originally intended as part of the procurement and build of the two vessels.

Alison Cumming: I will briefly add that the questions that we are seeking to answer through the audit include the extent to which the vessels have met their intended objectives and what lessons have been learned from their delivery. As part of our assessment of value for money, we will look at the value that is being obtained in use, recognising, as the Auditor General has said, that there is a significant element of operational decision making in how the ferry fleet is deployed.

Alan Brown: This is probably a difficult question to answer just now, given that we are still in the early stages of the public sector reform process. The Government has suggested combining the body on the asset procurement side, Caledonian Maritime Assets Ltd, and the body on the operating side, CalMac Ferries, into one body. Given what we have just talked about, would there be advantages in having one overarching body?

Stephen Boyle: It is for the Government to ensure, as part of the implementation of the programme for government and the public service reform programme, that the benefits, the intended outcomes and the contribution to closing the fiscal gap of any proposal are known and transparently stated. We will absolutely consider, in relation to not only the ferry organisations but the wider public service reform programme, whether the intended benefits are clearly stated.

The Government has set out a public service reform strategy. Progress against that strategy—or, in the light of the decisions that have been announced this week, an updated version of it—will be of great interest to us and the committee.

Beyond the audit report that is scheduled for May next year, we will think very carefully about how to report to Parliament on progress on the public service reform programme, which, as you indicated, will include the restructuring of the ferry-operating body and the associated procurement body.

Alan Brown: I have one more question, which is on the overall procurement process. While the Glen Sannox and the Glen Rosa were being completed, other vessels have been procured from the Polish yard and the Turkish yard. Will any comparisons be made between the procurement and completion of those vessels and the delivery of the Glen Sannox and the Glen Rosa so that lessons can be learned?

Alison Cumming: We will take that into account for our future programme. We will look at the findings from the audit that is currently under way on the procurement of the Glen Sannox and the Glen Rosa before determining what would be of maximum interest as part of any future public audit activity. The issue that you raise is in the mix for consideration in the future programme.

The Convener: I certainly think that there are issues there that we should consider and follow up with the yard and the Government, as the Auditor General has suggested.

Auditor General, I want to ask you about Historic Environment Scotland, whose chief executive resigned earlier this week. As members will be aware from the legacy report, our predecessor committee examined the report that you published in which you found that there were "unacceptable weaknesses" in Historic Environment Scotland. There has been talk of an internal civil war. What impact do you anticipate that the chief executive's resignation will have on the organisation's ability to meet your reporting requirements with regard to monitoring progress?

You previously stated that you would monitor progress at HES and that you would report again, if necessary. Given the problems relating to the instability of the organisation's leadership, at this stage, following the departure of the chief executive, do you envisage that it will be more likely or less likely that you will issue a further report?

Stephen Boyle: As you mentioned, the section 22 report that I produced on Historic Environment Scotland last year highlighted concerns about the leadership culture in the organisation. Since then, there have been a number of changes. Prior to the news about the departure of the chief executive, there was a changeover of non-executive leadership. The new chair who had been appointed left after a relatively short space of time. The Scottish Government has appointed an interim chair, and there have been further changes at board level.

As I said to Mr Kirkwood, I always follow up on our recommendations. As part of her annual audit work, the auditor will follow up on progress against her recommendations, which were also captured in the section 22 report. That audit is under way, and it will be completed over the course of the autumn. Once I have seen the detail of her findings, I will take a view as to how best to report to Parliament on the existing circumstances in that organisation and whether progress has been made.

I am not making a definitive decision at the moment, but I absolutely recognise the interest of the committee, the Parliament and the public in that organisation. It has been reported on heavily in the intervening period, so I will take all those factors into account and come back to you and the committee with my proposed next steps.

10:30

The Convener: Thank you. You will be preparing a report on the Scottish Fire and Rescue Service next year. What operational demand and funding pressures will you look at as part of that report? For example, will you look at the changing nature of the fire service?

The changing nature of fires means that there has been a reduction in the number of house fires, but we see more fires caused by things such as vapes, which have affected older buildings in Glasgow and Edinburgh. Perhaps those are one-offs. We have also seen wildfires, which are related to climate change, over the summer in the Cairngorms. Will you consider those issues? Will you also consider the reduction in the number of high-reach appliances and the impact that that has on the fire service's ability to provide that service to the public?

Stephen Boyle: Alison Cumming will be able to say a bit more about the detail of the scope in a second. We are planning a joint audit and inspection. I mentioned joint audits with the Accounts Commission, but we also periodically do joint audits with inspectorates and other regulators. At the beginning of 2026, we produced a joint best value audit report on policing in Scotland with His Majesty's Inspectorate of Constabulary in Scotland.

The work that we plan to do on the Scottish Fire and Rescue Service will follow that model of considering the wider aspects of best value. Rather than covering the service in its totality, we will look specifically at the estate and the fleet, which are so integral to the delivery of fire and rescue services. Alison Cumming can say a bit more about the scope, but it is clearly an area of public and parliamentary interest, and we think that it is the right time for an audit.

It has been a long time since there was any dedicated reporting on fire and rescue services, particularly since the creation of the Scottish Fire and Rescue Service through the Police and Fire Reform (Scotland) Act 2012, so we think that it is timely to produce such a report.

Alison Cumming: The audit's scope and detail will shortly be published on Audit Scotland's website. The audit will be on estate, fleet and equipment. We will look at the arrangements that the Scottish Fire and Rescue Service has in place to manage those assets effectively; we will look at both how it manages the existing assets and how it plans for what it needs to invest in in future.

One of the audit questions will link how it takes those decisions with its strategic priorities and the changing environment, including the changing mix of fire and other incidents. Indeed, I think that His Majesty's fire service inspectorate in Scotland will be reminding us that the SFRS's work has the rescue element as well as the fire element. We will look at how it plans to deploy resources and invest in its estate, assets and fleet, and we will focus on operational assets in particular.

The Convener: You are concentrating on estate, assets and fleet. In order to operate all those, there needs to be an adequate workforce. Will you look at that as part of your audit of all those areas?

Alison Cumming: Workforce issues will come to light through the audit, but they are not a direct focus of it.

Stephen Boyle: HMFSI has reported in its own work on some of the equalities issues that are relevant in some of the more remote fire station locations. There is an opportunity to look at those in this audit and inspection.

As Alison Cumming said, it is not an audit in the same way that the best value audit of policing was, where we looked at much wider aspects of workforce planning, specifically in relation to the estate and the fleet. However, it is inevitable that aspects of that will be relevant to the work and experience that fire service employees have in Scotland.

It probably speaks to the benefit that we get from some of the audits that we can engage and work alongside the inspectorates, bringing in their real insight and expertise, so that we can produce a wider, rounded piece of work. For completeness, we are planning to publish the fire service audit in March next year.

The Convener: Thank you for that. I think that we have exhausted our questions.

Thank you very much for your attendance this morning. It has been very helpful and insightful to discuss the range of issues that you, and we, will be working on over the coming years.

Thank you for your ongoing commitment to consider areas of interest to the committee, and we look forward to working with you on those issues in the year ahead.

10:35

Meeting continued in private until 10:52.

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