Official Report
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DRAFT

Public Audit Committee

Comataidh an Sgrùdaidh Phoblaich

Thursday 19 November 2026

Session 7

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PUBLIC AUDIT COMMITTEE
11th 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)
Lisa Duthie (Audit Scotland)
Neil Maclean (Audit Scotland)

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Public Audit Committee

Thursday 19 November 2026

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Neil Bibby): Good morning. I welcome everyone to the 11th meeting in session 7 of the Public Audit Committee. Under agenda item 1, the committee is invited to decide whether to take agenda items 3, 4 and 5 in private. Do members agree to do so?

Members *indicated agreement*.

Section 22 Report: "The 2025/26 audit of Historic Environment Scotland"

09:31

The Convener: Agenda item 2 is consideration of "The 2025/26 audit of Historic Environment Scotland". I welcome our witnesses: Stephen Boyle, Auditor General for Scotland; and, from Audit Scotland, Lisa Duthie, audit director, and Neil Maclean, senior audit manager.

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

Stephen Boyle (Auditor General for Scotland): Thank you, and good morning. The report on the 2025-26 audit of Historic Environment Scotland that I am presenting to the committee today under section 22 of the Public Finance and Accountability (Scotland) Act 2000 provides an update to Parliament on the significant leadership, governance and organisational issues at the organisation, following a similar section 22 report that I prepared last year.

The organisation has continued to experience considerable instability in its leadership arrangements. In the past year, several senior positions were filled on an interim basis, the chair of the board stepped down and, in September, the chief executive officer left the organisation. Although interim appointments have been made and steps have been taken to strengthen the skills and experience of the board, it is important that HES's leadership arrangements now stabilise to provide the continuity that is needed to deliver the required organisational improvements.

Historic Environment Scotland commissioned an independent organisational and cultural review in response to the issues that were raised in the 2024-25 audit, which were reported in the section 22 report. The board accepted all the review's recommendations and has established a transformation programme to oversee their implementation. The organisation has also taken action to strengthen financial management and governance arrangements. The internal audit reviews of procurement practices and gifts, hospitality and ticket allocation arrangements identified weaknesses in controls and governance. Historic Environment Scotland has accepted the related recommendations and has begun to implement revised policies and procedures.

I note that Historic Environment Scotland has strengthened the controls on electronic purchasing and expenses cards, including by reducing the number of purchasing cards that are in circulation, and has established a register of interests for its

executive leadership team. Although those actions are positive, the benefits will depend on the improvements being fully implemented and embedded across the organisation.

As I note in my report, I have asked the appointed external auditor, Lisa Duthie, to continue to monitor progress and report on the delivery of improvement and to follow through on the actions and subsequent reporting during her 2026-27 audit.

We are very happy to be with the committee this morning. As ever, Lisa Duthie, Neil Maclean and I will do our utmost to answer your questions.

The Convener: Thank you. Your report frequently uses the phrase "leadership instability", yet both the organisational and cultural review and a report by Diversity Scotland highlight the fact that confidence and trust in senior leaders is low. Your report refers to

"allegations of a toxic workplace culture",

while the cultural review found

"a combination of unproductive relationships between the HES Board and senior executives, a lack of joint visible leadership and limited collective accountability."

From an audit perspective, how severely is the cultural breakdown blocking financial and governance reform?

Stephen Boyle: I will bring in Lisa Duthie to say a bit more about the implications of those issues. Our audit and the subsequent follow-up independent review that was undertaken by former local government chief executive David Martin confirmed that significant matters need to be addressed. It is welcome that the organisation has recognised that that is the case and that plans are in place to do so.

Action now needs to be implemented to restore trust between the people who work in the organisation and their leadership, at executive and non-executive levels, and there needs to be a process of rebuilding to take advantage of the changes that are beginning to be made in the organisation at board level. The high number of interim appointments on the executive leadership team is being addressed, clearer performance measures are starting to be implemented in the organisation and some of the internal control deficiencies that I touched on in my opening statement, which were a feature of last year's audit, are beginning to be addressed.

There is a lot of work to do, but it is evident that there is a renewed appetite to address the issues. That action now needs to happen. I will pass over to Lisa to say a bit more about her interaction with the board and the leadership team and to address the points that you raised.

Lisa Duthie (Audit Scotland): That is correct. David Martin's review, which has been published and is available on Historic Environment Scotland's website, called out cultural problems that were linked primarily to leadership failures. It is probably important to note that it did not support a conclusion that there was a toxic culture across the entire organisation. The focus was on leadership failures, poor relationships at a senior level and low trust and confidence in leaders.

Historic Environment Scotland has put in place a transformation programme, which has been approved by the board, to take forward those recommendations. Eight of the 30 recommendations sit under the theme of vision, leadership and governance. That is a large focus of the review and of the points that Historic Environment Scotland needs to address. The priority will be the review of the management structure. We know that that is progressing well, and we expect a business case setting out the proposals in that area to be submitted to the Scottish Government before the end of this year. David Martin's report sets a timeline of the end of March for those new arrangements to be in place.

The Convener: Thank you for that answer. Clearly, a very large number of the people who work for Historic Environment Scotland are dedicated professionals who are working hard in very difficult circumstances. Although there have been leadership issues at the top of the organisation, that is no reflection on the staff as a whole, who I know are working hard and are dedicated to their professions.

Dawn Black (Angus North and Mearns) (SNP): Good morning. I appreciate Lisa Duthie's comment that the issues have been to do with the leadership. My experience of the front-line staff in Historic Environment Scotland has always been really positive. It is clear that the people who work there love what they do, and that shines through when you engage with them. I appreciate the acknowledgement of that.

Auditor General, in your introductory remarks, you mentioned the continued instability. There have been numerous reviews and numerous recommendations have been made. What impact has the churn in the executive team had on the delivery of the transformation and the changes that are needed?

Stephen Boyle: The impact is probably yet to be felt—that is how I would characterise where the organisation currently sits. There are some positive signs. I think that I am right in saying that,

in October, five new non-executive members were appointed to the board and, as we note in our report, the appointment of a new chair of the board is imminent.

However, there is still instability in the executive leadership team of the organisation—at the time of our report, four of the seven executive team posts were being filled on an interim basis. You asked what that means for the organisation. That is not a healthy feature of an organisation. It is a barrier to be overcome in the delivery of the vital work that the 1,600 people who work for Historic Environment Scotland are there to deliver.

There is a new context for the organisation in that, in 2024, Historic Environment Scotland and the Scottish Government agreed a new framework document on how HES would manage and deliver some of its services, and how it would retain some of the income that it generates for reinvestment in the business.

While that has been going on, there have been allegations of toxic relationships and confirmation of cultural difficulties in the organisation through David Martin's review, and there is a lot more work still to do. Lisa Duthie might want to say a bit more about some of the direct performance management arrangements that need to be enhanced, but no organisation can thrive while operating in that sort of environment.

I cannot help but feel that there is potential for Historic Environment Scotland that is not being fulfilled while it has to navigate the challenges in executive and non-executive leadership, with what that has meant for internal controls and the delivery of organisational objectives. The last thing that I will say before passing to Lisa is that that is all the more reason for focus and pace in implementation of the recommendations from the various audits and independent reviews.

Lisa Duthie: That brings us back to the key message in the report that we are discussing today, on the importance of implementing at pace the recommendations from the various independent reviews. That means the recommendations that we made in the annual audit report and the section 22 report as well as David Martin's recommendations and those in the Diversity Scotland equality audit. The transformation programme has recently been approved by the board so, in the coming year, we will have evidence on what progress HES can make against those recommendations.

It is encouraging that, aligned with what we consider to be the priorities, the theme of leadership and governance is coming through in the actions that HES is taking early on to achieve stability in leadership, enable good governance and implement the wider improvements that are required across the organisation. We will be looking at that throughout the 2026-27 audit and beyond.

Dawn Black: I believe that there are five new non-executive board members. What skills mix is there now that will benefit HES? Do we have information on exactly what experience and skills those people bring to the organisation?

Stephen Boyle: Yes. Lisa Duthie can say a bit more on that, but all those appointments were made through the Scottish Government public appointments process, which is overseen by the Scottish Government public appointments team, with an important role for the chair. The biographies of the appointed people are set out on the Scottish Government's website. They come from a range of backgrounds and include former senior civil servants. The relationship between the Government and HES is an important part of the role that the organisation needs to take forward.

Lisa can comment as she wishes, but we have not taken a view on that. What we are keen to consider, particularly in the 2026-27 audit, is the effectiveness of the board. We want to see that it is delivering the support and scrutiny that the organisation needs, and especially the proper oversight of the transformation programme. It is worth highlighting the creation of a programme board to oversee the transformation programme. Alongside the work of the board and committees, it will be vital that the skills, appetite and talent of the new non-executive board members are brought to the fore to help the organisation to recover its position as a well-functioning public body in Scotland.

Do you want to add anything, Lisa?

Lisa Duthie: They are recent appointments so, from an audit perspective, it is too early to conclude on the contribution of those members and the operation of the board. However, the board effectiveness review that was carried out by internal audit has been finalised through the interim chair, and clear actions have been agreed off the back of that. It is quite a wide-ranging review, but there is a focus on the board carrying out a self-assessment and the importance of induction, training and having a clear programme in place. That was not there before, but it is something that the new board members will experience. Most importantly, there is a recommendation to reset the relationship between the board and the executive, and bringing in new members is an opportunity to do that.

Dawn Black: Yes—it is vital that board members are effective and well trained so that they understand their role.

You mentioned the relationship with the executive. There have been multiple absences, which have had to be backfilled. What is the impact of all the absences on the executive's ability to carry out its vital functions and on revenue streams et cetera in the organisation?

09:45

Stephen Boyle: I will ask Lisa Duthie to say a bit more about the implications of the churn in the executive team, which is a feature of the organisation, and perhaps to touch on some of the performance implications of that, if she wishes.

I reiterate my comment from a moment ago. The organisation has not yet achieved the conditions to thrive, with the oversight, leadership, support and direction that the executive is tasked with delivering. There will be a period yet before the organisation is in that place. On the indicative timelines for the delivery of the transformation programme, we set out in paragraph 22 of the report that it is intended to stretch for just over three years. However, the focus for the coming six to 18 months is on the high-priority actions, which focus on leadership and governance arrangements.

I will pass to Lisa to pick up the part of your question about revenue performance.

Lisa Duthie: On the first part of the question, we have been provided with a bit of assurance on the appointment of the temporary chief operating officer, who was brought in to strengthen the leadership arrangements and chair executive leadership team meetings. There have also been acting-up positions to fill the director posts and, most recently, with a director absent, the ELT agreed to share out some of those responsibilities. We are satisfied that the interim arrangements that are in place have been working as well as they could be, given the other challenges that HES has been facing.

I will bring in Neil Maclean to touch on whether the situation has impacted on the performance of the organisation. That is a very difficult judgment to make, but HES publicly reports on its performance, and that information is in the annual report and accounts. Neil will be able to give us a little more detail on that.

Neil Maclean (Audit Scotland): Good morning, everybody. There was a slight decline in performance, which is reported in the annual report and financial statements, but there is no way to tell what the reason for that trend was. The trend is ever so slight, but the annual report and financial statements confirm it.

On the actions overall, there are two ways in which HES tracks the actions from the section 22 report and the work towards that change. At the audit, risk and assurance committee meeting last week, it was reported that eight of the 16 actions from that have been completed so far. When that is coupled with the internal audit reviews that have been undertaken in relation to the section 22 work, there are a total of 29 recommendations, and to date 23 of them have been completed. You can see that there is movement to implement the actions but, as the Auditor General said, it is important to implement those and keep them embedded.

Dawn Black: Absolutely. I think that Lisa Duthie said earlier that pace is key—we want pace in implementing the recommendations and outstanding actions. However, in my view, that is not really possible without a permanent executive in place, so the sooner we have permanent positions filled, the better. Therefore, my final question is to ask whether we have an indication of when the permanent CEO will be appointed to stabilise the situation.

Lisa Duthie: We expect the business case to go to the Scottish Government before Christmas, and that will set out the roles and responsibilities of the new executive team. Obviously, there will then need to be a formal recruitment process. David Martin set out in his review that that should be in place by March 2027. At the moment, it feels as though there has been good progress, and we will continue to monitor that.

Stephen Boyle: I will add to that briefly. We are in a slightly different position from last year. In particular, we now have clarity on who is leading the organisation, whereas 12 months ago we did not have that. Although an interim chief executive officer is in place in the organisation, it has been clear from the outset a couple of months ago, when he took on the role, that it encompasses the accountable officer responsibilities. In last year's report, we featured prominently the fact that, during the period of absence of leaders, there was lingering ambiguity about who was discharging the accountable officer responsibilities. The Government has moved swiftly to address that point. With the interim chief executive officer, who was previously in the role of interim chief operating officer, the accountable officer responsibilities are clear. That is a welcome development compared with 12 months ago.

Dawn Black: Yes, that is good. I appreciate that there has been progress since last year. I do not want to go over old ground, but I note that there is a process to go through before the appointment process starts in March next year and it is likely that we will not have a permanent CEO in place until next summer.

Stephen Boyle: Yes. There will be a period of time before both appointments are made. David Martin's review recommended an organisational review, which will inevitably inform the structure of the executive team, and the board has an important role in contributing to that. There will be a lingering period of interim arrangements, but that is perhaps a necessary step for the organisation. It will be informed by new board members and the new chair of the board, who is due to join the organisation soon, as we have talked about. Until that happens, the organisation will probably have to live with the pace for a period of time, alongside the incompleteness of the recommendations.

However, you are right, in that the sooner the organisation can get through this, the sooner it will have a stable and settled leadership team—executive and non-executive—to deliver its functions.

Dawn Black: The important thing is that we get the right person into the role.

Stephen Boyle: Very much so.

The Convener: The timeline in the report goes back to October 2023, and there have been major issues, particularly over the past 18 months. When Stephen Kerr asked the First Minister about that on Tuesday, he stated that new leadership was in place and that that would help to resolve the issues. The interim chief operating officer and now interim chief executive has been in place for 11 months. However, we have seen changes before, with new leadership in the board and the chief executive role, and new people do not necessarily result in different outcomes, do they?

Stephen Boyle: I agree. That is not necessarily the case. You are right that there have been extensive changes of leadership—executive and non-executive—over a number of years.

Where we are with it all, convener, is that stability is necessary so that the organisation can fulfil its functions. We need clear relationships and resolution of the organisational tensions to allow the hard-working people who work for Historic Environment Scotland to move on.

You are right. There is now a period of opportunity to implement the recommendations and bring stability to the organisation, but there is never any guarantee that that will, in and of itself, make the necessary changes.

The Convener: The pace of change is important. We talk about new leadership, but I do not know at what point it stops being new. In your report, you state:

"I note an implementation plan was presented to the Historic Environment Scotland Board in August 2026, which sets out how Historic Environment Scotland will establish a Transformation Programme to facilitate the required improvements."

You go on to say:

"The delivery of these core improvements at pace will be critical".

You have also said that this morning. To what extent is an actual plan in place? Is it just a plan to have a plan?

Stephen Boyle: I will bring in Lisa Duthie to say a bit more about the detail of what we cover in paragraph 22. What we have is a programme with a number of different phases to address the organisation's needs, and they are split into short, medium and long-term priorities.

We could say that three and a bit years feels like quite a long time to deliver. However, if the programme is back ended and the lower-priority issues come towards the end, I might take a more balanced view on that. The crux will be whether the organisation can evolve at the necessary pace to deliver on the high-priority recommendations in six to 18 months. There is a key role for the programme board in that, and in particular I cannot help thinking that it will be fundamental to the role and responsibilities of the new chair when they join the organisation. Pace will be vital to reassure people who work for the organisation, the Government, stakeholders and service users.

Lisa Duthie might want to say a bit more about the differentiation between the plan and the wider programme.

Lisa Duthie: Since we reported in December last year, a number of independent reviews have had to take place. David Martin's review began in January, and the findings were reported to the board in May. The recommendations were then taken into account in a transformation programme and implementation plan that the board agreed in August. The timeline feels reasonable. It will now come down to what we see over the coming months with the implementation of the recommendations.

The Convener: You say in the report that the review

"concluded that the board and Chief Executive Officer should prioritise consideration of whether the current organisational structure remains fit for purpose".

Do you have a view on that?

Stephen Boyle: It is for the organisation to determine what the best structure to deliver its services looks like. It is welcome that David Martin's review was based on best value principles, which are one of the hallmarks of how public money should be used. Each individual accountable officer has a duty of best value, and there are statutory duties in local government

alongside that. David Martin undertook his work and made the assessment that he did about the structure; that is right. We have stopped short of giving a definitive view on whether we, as auditors, think that the structure should change, but the fact that the board has accepted that is enough evidence to go on. The structure that was in place now needs to evolve, and that is one of the most important tasks.

Structural change brings about upheaval and it will have to be navigated with clarity so that the organisation's service users and employees have clarity. There will be a period of time for the organisation to work through that. Our concern, and my specific ask of Lisa Duthie in our 2026-27 audit, is to stay close to that part of the transformation so that we can continue to report publicly on progress.

The Convener: I will shortly hand over to Alan Brown to cover financial management and governance issues, but first I want to follow up on a subject that the deputy convener asked about. A number of individuals have been off work, whether that is due to suspension or sickness absence. There have been allegations of a toxic workplace culture, and there is presumably a link between the two things. Did your audit work quantify the resource that has been spent on absences because of suspensions or sickness?

Stephen Boyle: I will hand over to Lisa Duthie and Neil Maclean if they have anything to add, but I would not expect the audit to directly quantify whether there has been duplication of costs. The organisation should be tracking and monitoring that. Historic Environment Scotland will have to lay out any interim arrangements in the remuneration report that sets out who was in post, which is part of the annual report and accounts. We have probably not taken a view on whether that represents value for money, but I will let Lisa and Neil speak for themselves if that was part of the audit.

Lisa Duthie: The Auditor General's response is fair. The cost to HES is set out in the remuneration staff report, which has been subject to audit. The Auditor General is right that we have not taken an audit view on that. However, it came through clearly in the section 22 report that the instability and change in leadership are not positive for the organisation.

The Convener: If HSE is tracking staff absence, do you know what the figures are?

Lisa Duthie: The figures are in the section entitled "Remuneration and Staff Report" in the "Annual Report and Financial Statements 2025-26", which is available on the Historic Environment Scotland website. We have a copy with us, but it might be better to come back to you on the detail of that.

The Convener: That would be helpful.

Did you have anything to add, Mr Maclean?

Neil Maclean: No, I have nothing to add to that.

The Convener: HSE should be keeping a track of its performance. I will hand over to Mr Brown.

10:00

Alan Brown (Kilmarnock and Irvine Valley) (SNP): Good morning. As the convener mentioned, I want to ask about financial management, particularly in relation to electronic purchasing cards. It was previously reported that one in four staff had a purchasing card and that total spending on those cards was nearly £2 million, which is a substantial amount. Following the review, of the 400 people who had been issued with cards, a quarter no longer have one. Therefore, 300 people still hold such cards. Does that feel right to you? What does the review say about why those 100 cards were withdrawn?

Stephen Boyle: I will pass to Neil Maclean to say a bit more about that. You are quite right that, last year, that was a prominent feature of the audit. On the one hand, issuing cards to 400 people for an organisation of 1,600 might feel excessive. On the other hand, I recognise that Historic Environment Scotland has a dispersed workforce. It also operates and maintains sites throughout Scotland, which require access to funds at appropriate times.

Intuitively, though, 400 cards was far too many. More worrying was the context in which the cards were being used and the control environment around them. Some items were being purchased using electronic procurement cards rather than through more traditional procurement arrangements. The issue is both the quantum of spending and the risk to internal controls associated with that volume of electronic procurement cards.

Historic Environment Scotland is carrying out more work in that area. I will pass to Neil Maclean to set out some of the changes that you refer to in a bit more detail and to explain what will come next.

Neil Maclean: Last year, the exact figure for the electronic purchasing card expenditure was £1.9 million. This year, the spend was £1.8 million.

As part of the audit, we undertook a high-level review and did not identify any significant concerns. The items that appeared on the expenditure list included accommodation, professional subscriptions, tools and equipment.

I would highlight that HES's internal audit service undertook a review of EPCs in September 2025. Obviously, that was before the section 22 report. All eight recommendations were actioned.

To offer a wee bit of assurance going forward, I note that one of the actions that have been put in place is a new EPC policy, which came into effect in July. The new policy is a lot clearer and sets out better controls on how EPCs should be used.

Alan Brown: Okay. Basically, having better controls in place has potentially resulted in £100,000 of savings.

Neil Maclean: The controls did not come into place until July, so that is—

Alan Brown: Right. It is still working its way through.

You said that all the recommendations had been acted on, but your report says:

"A second, more detailed review is planned which will consider card ownership, usage and business need."

Is that review still to take place? Do you have timescales for that?

Neil Maclean: Our understanding, which is based on the most recent update that I received from HES, is that the second phase started in August and is ongoing. HES would be better placed to provide you with details of the review. I am not sure what the timescales are. I was not made aware of them.

Stephen Boyle: I would add that it is absolutely for Historic Environment Scotland to deliver on its review.

It is welcome that the organisation is focusing on fundamental financial controls. It has to satisfy itself that the number of cards in use is appropriate, that the necessary authorisations are in place and that the cards are being used for appropriate expenditure, building on the policy that has been developed. It must then consider where the balance lies between team members who genuinely need a card and purchases that could be made through more traditional central procurement arrangements. I felt that the organisation had lost that focus.

If we go back to last year's report, there were 400 cardholders. That is no longer the situation. Indeed, it is welcome that, having reduced the number of cardholders by 100, HES is undertaking a further review to ensure that it is completely satisfied, alongside wider changes, that it has the right set-up for procuring goods and services.

Alan Brown: Having the right set-up is obviously key. Does HES have the capacity not only to undertake the review but to implement any recommendations? Tight controls require different levels of authorisations. Having the right governance structure is key, too.

Stephen Boyle: Neil Maclean or Lisa Duthie might want to comment on the organisation's capacity to adapt to the changes. It is not just about the people who work in the organisation; the tone from the top matters. There must be a clear, consistent application of practice by all staff, and reviews and authorisations must be carried out at the appropriate level and correctly followed.

That is simply the standard level of rigour that public bodies must follow. Spending public money requires a scheme of delegation and financial procedures that people understand. We expect there to be standard controls like purchase orders matching to invoices, appropriately authorising electronic purchasing card use and ensuring that card use is regularly reviewed, Staff should be challenged if they do not provide the necessary evidence or receipts. Organisations across Scotland—public and private bodies alike—do that day in, day out. It is welcome that Historic Environment Scotland is continuing to drill into whether its arrangements are fit for purpose.

Lisa Duthie: I am sure that Historic Environment Scotland will, as part of the second phase of the review of EPC use, be considering whether it has the capacity to carry out the compliance checks that it has committed to undertaking.

Underlying all this is not whether it is right or wrong to use an EPC but whether value for money is evidenced in each transaction. It may well be that geographical considerations require those cards to be used. However, what we will be looking for is whether the policy—we will have to wait to see whether it becomes embedded across the organisation—is being applied consistently. The policy is very clear on the need to achieve value for money, obtain three written quotes for transactions of more than £1,000 and ensure that transactions are subject to the appropriate compliance checks that HES has signed up to carrying out.

Alan Brown: The same paragraph of your audit report mentions that another planned action is a review of the salary advances policy. Will you provide a bit more information on that? What is that? Are there concerns about the policy, hence the review?

Lisa Duthie: We have seen salary advances paid through an expenses route, which is something that internal audit picked up through its review. It is seeking to determine whether that is the appropriate route for such advances. There may well be perfectly legitimate reasons for those advances to be paid within HES's policies. Internal

audit is considering that, and it is being followed up through its internal audit report.

Alan Brown: Do you have timescales for that?

Lisa Duthie: We will have that to hand.

Neil Maclean: The internal audit finding was specifically that the salary advances policy should be revised. That work has been completed, and internal audit has signed that off as completed. Internal audit received evidence and scrutinised the issue, and that recommendation has been actioned.

Alan Brown: A different aspect of financial management was the Archive house project, which was mentioned in the previous audit report, too. I understand that £2.9 million was spent on that, with a further £0.5 million predicted to be spent. What governance, oversight and decision-making processes, or the lack thereof, were considered by the review? I believe that an internal report made nine recommendations. Do we know what those are and the timescales for implementing them? What is the current status of the project?

Stephen Boyle: I will pass over to Lisa Duthie to set some of that out in more detail, Mr Brown, but you are right that a feature of last year's report was that the governance of Archive house, and its extension, was not sufficient. The board, as I recall, was not appropriately involved in some of the decision-making processes. It is perhaps another example of the organisation responding to findings and recommendations in order to bring about stronger governance, leadership and control environment arrangements.

Indeed, this was a particularly prominent example, given how central it is to Historic Environment Scotland's work. I hope that we have adequately reflected this in the report, but Historic Environment Scotland's work is not just to do with the sites that it maintains across Scotland. It is also about historical records and documentation; therefore, it is essential that this facility exists, that it is fit for purpose and that there is appropriate public spending on, and governance of, its usage and its extension.

Lisa might want to say a bit more about that.

Lisa Duthie: In the 2024-25 annual audit report, and in the section 22 report, we reported that the governance around the project, in particular, was not where it needed to be, and I am pleased that the internal audit advisory work that we recommended in last year's report has now been completed. Our recommendations pulled out some of the weaknesses that we saw and the underlying reasons for the governance not being where it should have been, and HES will now need to take that learning forward into new projects.

Neil Maclean can give you an update on where HES is with the project.

Neil Maclean: As has been mentioned, there was an internal audit advisory review, which made nine recommendations—I have the list here. For example, it was recommended that the project should have structured control processes and that, when undertaking projects, HES should ensure, conduct and document comprehensive evaluations. As I have said, there are nine such recommendations.

The most recent internal audit update, which we received at last week's audit committee meeting, was that all the recommendations in the advisory review relating to wider project management—it did not look just at the Archive house project—had been implemented and that future archive storage project actions would remain until the project commenced.

Alan Brown: If the project has not been commenced, why is the spend so large?

Neil Maclean: Our understanding is that HES is looking to identify a specific long-term solution for the information and archives held in John Sinclair house. I would also point out that 60 per cent of the archive is held in commercial storage—John Sinclair house is only part of the archive—and our understanding is that HES is working collaboratively with the culture cluster to bring together a similar archive solution covering more than just HES.

Stephen Boyle: I should also make the committee aware that, as Lisa Duthie and Neil Maclean reflect in their annual audit report, the current lease on Archive house has been extended by a year to 2029, primarily to give the organisation more time to find a solution, whether it be in the context, as Neil has suggested, of public service reform and use of the wider public sector estate or whether it be something that HES itself wishes to progress. Therefore, there is a window for the organisation to find a different solution for the preservation of the archive materials.

Alan Brown: Am I right in thinking that the trade-offs—the additional rental of commercial space that you mentioned versus, I presume, the cost of the capital project itself—will save on that revenue spending?

Stephen Boyle: I do not know whether we are sighted on the detail of the business case or its merits, but that will absolutely be one of the factors with regard to getting the right site and the cost value benefits associated with that, so it is a very important piece of work. Our main concern last year was that, given how central this would be to the organisation's operations, it did not have

adequate governance around it, so the feeling that we are in a different space now is welcome.

Alan Brown: Are you satisfied that the archives are being correctly stored and looked after, and that there is no risk in that respect? As you have said, it is clearly a fundamental part of the organisation.

Stephen Boyle: I will bring colleagues in to answer that question, but I am not sure that we will be able to give you any assurance on that. The adequacy of the overall arrangements was not, I think, a feature of our audit work, but my colleagues might have something to add from the internal audit perspective.

Neil Maclean: Based on recent attendance at the audit and risk committee, I know that HES is actively managing the project and is aware of the risks, but you would need to ask it about any specific risks. It is aware of the implications, and that is an important factor for it.

Alan Brown: It would be good to get more reassurance on that.

10:15

Miles Briggs (Edinburgh and Lothians East) (Con): Good morning. I thank the witnesses for joining us.

Over a period of time, a significant number of people have left the organisation. What value-for-money assessment have you made of the settlement agreements?

Stephen Boyle: Paragraph 11 of our section 22 report references the use of a settlement agreement relating to the departure of the former chief executive, which concluded in September this year. We thought that it was necessary to capture that in our report, given that, as the convener mentioned, the timeline has been significant, with key events. In this report and in previous reports, we reference leadership instability and changes.

The details will be set out in Historic Environment Scotland's annual report and accounts for the year ending in March 2027. My report sets out the circumstances relating to the departure of the former chief executive. There was a settlement agreement. Lisa Duthie and Neil Maclean, through their annual audit, are satisfied that it complied with the terms that are set out in the Scottish public finance manual, that there has been appropriate oversight by the Scottish Government and that, as we note at the end of paragraph 11, the agreement was approved by the Cabinet Secretary for Education, Culture and Gaelic.

There will be more detail in the accounts—we have mentioned the remuneration and staff report a couple of times—which we will formally audit and on which Lisa Duthie will give an opinion towards the conclusion of the audit next year.

Miles Briggs: That is helpful. Are such settlements based purely on contractual arrangements in the organisation and what individuals would be entitled to under normal circumstances, or is there an assessment of performance? I think that most people see such settlements as rewards for failure.

Stephen Boyle: I ought to have stressed one important factor. The use of settlement agreements has, quite rightly, been a matter of interest to previous public audit committees in previous sessions of the Parliament. One of the impacts of that interest has been the implementation of a cap of £95,000, which now features in the Scottish public finance manual.

Settlement agreements broadly reflect contractual entitlements in relation to notice periods, untaken holidays and so on. We will closely audit the details once Historic Environment Scotland sets them out. We are satisfied that the payment is below the cap, which is another piece of evidence of compliance with the Scottish public finance manual, but we will come back to the issue at the conclusion of our audit for 2026-27.

Miles Briggs: I want to move on to the Scottish Government's role. It seems that there are some significant holes in the Scottish public finance manual, which you referenced, regarding HES and being able to guarantee continuity of leadership. Our predecessor committee wrote to the permanent secretary about that—specifically, about the opportunities to not have an internal appointment. Where do things stand in relation to potential future changes that were recommended at that time?

Stephen Boyle: As well as addressing your point on the Scottish public finance manual, it might be helpful to address the relevant sponsorship arrangements, which probably overlap. As the committee will know, Audit Scotland has reported quite extensively on the Scottish Government's sponsorship arrangements with its public bodies. The need for clearer, more consistent sponsorship has gone back many years, and I and my predecessors have published section 22 reports on public bodies within the sphere of the Government on occasion, drawing attention to deficiencies in leadership governance. In those reports, the question inevitably comes up of the role that the Government played or did not play, which might have led it to foresee some of that or prevent it from reaching the stage that it did.

I will not go on too long, Mr Briggs, but it is worth highlighting that the Government commissioned a review on sponsorship arrangements, which made a number of recommendations. Through our audit of the Government, the section 22 report of which will be published shortly, we will update you more generally on the progress that has been made on sponsorship arrangements.

The key point is that there is appropriate awareness and oversight of public bodies. It is welcome that the Government has introduced a traffic light system through its internal monitoring arrangements. We know that it is focusing closely on Historic Environment Scotland and giving it the right support. The examples of the recent board appointments suggest that there is now better and earlier engagement by the Government, and I am happy to address any further questions that you might have on that. It matters that it is not only after something goes badly wrong that an earlier opportunity is taken to intervene and support organisations. The test will come, perhaps not with Historic Environment Scotland but at future stages, if there is a warning sign that the sponsorship team in the Government could provide support better than it has done in that example.

Miles Briggs: I do not want to put words in your mouth, but, looking at the timeline of events, it is clear that there has been a failure to act by the Scottish ministers, and I do not know whether that is because of the sponsorship arrangements. Going six months without an accountable officer is pretty serious.

On whether this could happen to other organisations with similar arrangements, if there is no internal management structure to have interim roles, ministers could be in a similar position. What assessment has been made of public bodies that are in that situation? I hope that we do not see a similar level of leadership failure that has created this circumstance. It seems that the situation with HES is the worst-case scenario. What assessment has been made of whether this could occur in public services more widely, with no safeguards being in place for public money in such organisations?

Stephen Boyle: You have made a few points that I want to address. Last year, I was really clear that the Government should have acted more quickly to appoint an interim accountable officer and that that situation went on for too long, given that the specific duties of an accountable officer are that, primarily, they are tasked personally with overseeing and taking responsibility for expenditure. As we have touched on this morning, it is welcome that that has not been repeated and that there is clarity on the accountable officer role.

Over the years that I have been in this role, I have sought to give assurance to the Public Audit Committee that, despite the example that is before you today—there are occasionally such examples—the vast majority of public bodies in Scotland are well run, do what they are tasked to do and spend public money appropriately in delivering on their purpose.

It is welcome that the Scottish Government is taking seriously the need for enhancements in sponsorship arrangements. There has been progress on that, and we will soon set out to the committee the steps that have been taken, through our section 22 report on our audit of the Scottish Government.

The point that I would emphasise is the need for consistency of sponsorship arrangements within the Scottish Government, overseen by the various directorate-general groupings. We do not want there to be strong and effective arrangements in one grouping and not in another. There should be a focus on that, because the consistency of the application of the arrangements is what really matters.

I do not wish to end on a sour note but, inevitably, things sometimes happen, whether that is through an individual not delivering or performing as expected or for some other reason. The role of public audit is to bring assurance and recommendations that harness some of the learning from experiences.

Miles Briggs: Previously, the committee has received anonymous submissions, which are difficult to work with, but constituents of mine who work for the organisation have contacted me with their ongoing concerns, and we have heard a lot about the demoralisation of people who work for the organisation. We all want a line to be drawn under the issue, so that things can move forward in a constructive way.

One question that has been asked, which you might be able to answer, concerns how much money has been spent on people coming and going from the organisation in what seems to have been a game of musical chairs. Will that ever be set out as a waste of public money?

Stephen Boyle: You can probably quantify it quite straightforwardly. Information about which leaders have been in the organisation at which particular period will be in the remuneration and staff reports for previous years and for future years. It is harder to say the extent to which that did or did not deliver value for money.

At this point, we are keen for the organisation to reset and move on. We want it to implement the important and welcome recommendations at pace, so that it can not only rebuild trust between senior

leaders and the board, important as that is, but inspire and reassure the people who work for the organisation and those who use its services. The implementation of recommendations on diversity, equality and rebuilding trust will be fundamental to your constituents and their colleagues being satisfied that progress is being made.

David Martin's recommendation about the visibility and reach of leadership is welcome and important, and is one of the key steps towards improvement.

The Convener: I agree with Mr Briggs that it would be good to have an estimate of the total amount of the waste that has taken place in the organisation over a period of time.

On the voluntary severances over a longer period of time, according to the 2021-22 annual report, Historic Environment Scotland launched a voluntary exit scheme in January 2021, which ran until 2022, presumably to reduce costs and head count. The report confirmed that 27 employees left the organisation, at a cost of £701,000, as part of the scheme. The report also states that the average number of full-time equivalent staff employed by HES at that time was 1,275. In the five financial years from 2021-22 to 2025-26, six members of staff left as a result of voluntary exit packages, at a total cost of £322,000. That does not include the previous CEO, who left in 2026-27. The 2025-26 annual report states that, at the same time as those additional payouts were being paid out, the average number of full-time equivalent staff employed by HES increased to 1,607. So, in the five years after the introduction of a voluntary exit scheme to save money, HES has paid six members of staff £322,000 and the average number of full-time equivalent staff that it employs has increased by 332, which is an increase of 26 per cent. That comes on top of concerns in 2025 about inflation-busting potential pay rises for directors.

From your audit of the 2025-26 accounts, is there any evidence that exit packages delivered genuine recurring savings to the taxpayer, or has Historic Environment Scotland simply paid staff to leave while expanding its overall payroll?

Stephen Boyle: I will pass that to Lisa Duthie first, and then come back in to set out for the committee what the audit work does and does not do in respect of consideration of exit packages.

10:30

Lisa Duthie: In terms of assurance, it would be difficult to look back over that number of years and determine whether each voluntary severance was appropriate. We look at that in the year that we are auditing, so we would do it in that regard. The roles and skills that are required within the organisation might have changed, so, although the voluntary severance policy might have provided value for money, it would not necessarily equate to a reduction in head count over a number of years.

I note that David Martin's review covers the workforce, and there are a number of recommendations in it for Historic Environment Scotland to review the workforce in light of recent changes and its overall strategic priorities.

Stephen Boyle: I absolutely agree with that. I would add that David Martin has set out that the organisation now has to be absolutely clear about the structure that it needs to deliver its purpose. As you point out, convener, there have been a number of iterations of voluntary severance schemes. Typically, we would expect those to be rare in an organisation—there might be a generational review to respond to conditions and change how the organisation looks.

Historic Environment Scotland was created through a merger. Also, unlike a number of public bodies, it has quite a significant commercial arm—it has a subsidiary that delivers commercial activity. As I mentioned earlier this morning, its framework agreement has been revised in relation to how it holds some of its income. Those factors need to be set out so that, when it is considering organisational changes, it is clear on the value-for-money aspects and there is the appropriate oversight and governance of changes.

I am happy to say a bit more about some of the specifics. HES is also following the Scottish public finance manual, which sets out the appropriate payback periods for any organisational change and the governance of that process. However, the question whether the changes were necessary and represent value for money is a question for the board first of all.

The Convener: Obviously, we want to see value for money and proper oversight and governance. There may or may not be a case with regard to specific roles, but we have seen a significant increase in the overall number of staff in the past few years. The Scottish Government has an invest to save fund, which is about investing to save money, not to spend more money. Has Historic Environment Scotland accessed any of that fund?

Stephen Boyle: I am not sure whether we know that. I turn to colleagues.

Lisa Duthie: I do not think that we have that detail with us.

Stephen Boyle: We can check our records, but it may be a question for Historic Environment Scotland.

The Convener: On voluntary exits and severance packages, there are a number of

ongoing investigations into senior managers and a director. We now have a former chief executive officer who has used a voluntary exit scheme in relation to which there is a confidentiality clause. What safeguards are in place to stop Historic Environment Scotland using the settlement agreements to pay off senior managers who are subject to investigation? That should not be the case, should it?

Stephen Boyle: It should absolutely not be the case. The safeguard is that the requirements of the Scottish public finance manual should be followed clearly and appropriately. Ultimately, the primary safeguard is that those schemes are subject to ministerial approval and oversight, as we have seen in the example of the former chief executive officer. The business cases that accompany any request for approval should set out the detail of why the case is being put forward and the context in which it exists. Those are the appropriate arrangements that public bodies need to follow when considering any voluntary exit or severance arrangements.

The Convener: Mr Kirkwood has some questions.

David Kirkwood (South Scotland) (Reform): Good morning. I have some questions regarding senior governance, but I will leave them until the private evidence session, just to be on the safe side. I want to return to project management, which Alan Brown mentioned.

I think that this is the fourth time since I became a member of the committee that you have come here to report on a public body that has poor project management, so it is definitely a recurring theme. In this case, there has been a review and there is now a set of recommendations for improvement. Neil Maclean read out some of the recommendations, which sound like extracts from the Ladybird book of project management—it is absolutely basic stuff, which should have been there from the start. Do you have any opinion as to why public bodies are so bad at basic project management?

Stephen Boyle: I am not sure that I would share that characterisation. There are examples of very effective project management in public bodies. Even in this example, Historic Environment Scotland has gone through considerable change, much of it unplanned. There has been instability in its leadership arrangements together with, as we have just touched on, a history of changes to its organisational structure. The organisation has not moved with the pace necessary to deliver clear, structured and effective implementation of change. As we reported last year, there is still a need for pace in introducing stability.

The organisation has a programme management board to implement recommendations, which is appropriate in terms of the right governance. Governance in itself is fine, but we need scrutiny of the pace of implementation. As we have touched on a couple of times this morning, that is the key next step for the organisation.

David Kirkwood: Paragraph 26 of the report mentions 10 data breaches over the past two years. Is it just the case that those are fairly low-level technical aspects of the organisation that are not sexy enough for senior managers to concern themselves with?

Stephen Boyle: As we mentioned in paragraph 26, data breaches were reported to the Information Commissioner's Office, and there have been a further two since the start of the current financial year. Clearly, that is a concern. That goes back to the wider approach that the organisation needs to satisfy itself that it is getting right, with adequate governance, data and oversight. The rigour on that sometimes gets lost. I do not wish to artificially align two examples, but the example of the use of electronic purchasing cards is perhaps another example of the organisation not having had the necessary control and scrutiny to ensure that standard practices and procedures were carried out and implemented effectively. That is something that the organisation will need to be very clear on.

Lisa Duthie might want to say a bit more about that.

Lisa Duthie: I will hand over to Neil Maclean. HES has done some work on the data breaches and improving the data protection policies and procedures that are in place. However, the nature of the data breaches points to the internal challenges that HES has been facing. Essentially, they involved information being passed to the press.

Neil will be able to tell you a bit more about the improvements that have been made.

Neil Maclean: The internal audit function undertook a data protection review in October 2025, which had seven recommendations—five were high priority and two were medium—and they have all now been put in place and implemented, so there are improvements on that.

Lisa Duthie talked about the type of breach. The two since April are referred to in HES's annual report and financial statements. On page 69, that document says:

"The first incident relates to unauthorised transfer of sensitive and personal data to a personal email address and is now closed. The second incident relates to sensitive information relating to HR matters featuring in the press."

That goes back to what Lisa Duthie said. That information is disclosed in the public document that is HES's annual report and financial statements.

David Kirkwood: Thank you.

The Convener: The audit report states:

"A settlement agreement relating to the departure of the former Chief Executive Officer was concluded in September 2026",

and that was submitted to the Scottish Government and approved by the Cabinet Secretary for Education, Culture and Gaelic. This is not mentioned in the report, but it has been put in the public domain since that there is a non-disclosure agreement in relation to that. Can you verify that?

Stephen Boyle: That is our understanding, yes, but I note for the committee that, because I am giving evidence on the report today, I am clearly not bound by the confidentiality agreement. I felt that it was necessary, for public and parliamentary interest, that I captured that matter in the report.

The Convener: Thank you for that. The agreement was concluded in this financial year, as opposed to the year of the audit, but the information is very helpful.

In terms of financial management and governance arrangements, Mr Brown talked about card limits and the salary advances policy. Paragraph 27 states:

"A register of interest is now in place for the Executive Leadership Team. To enhance its commitment to transparency and accountability, Historic Environment Scotland should consider publishing the Executive Leadership Team register in line with the approach adopted for board members."

That does not seem to currently be the case. Since your audit concluded, has Historic Environment Scotland confirmed to Audit Scotland that the executive leadership team register of interests will be published?

Lisa Duthie: As we said in the report, we think that Historic Environment Scotland should go to the next stage in terms of transparency and that the register of interests should be available. At the moment, that is not the position, so we will continue to have those conversations.

The Convener: I fully agree with you. If we are to have transparency about a register of interests, the register should be published. Is Historic Environment Scotland saying that it will not publish it, or has it just not responded to that recommendation?

Lisa Duthie: At the moment, the position is that it will not be published.

The Convener: Has it given any reason for that? You are shaking your head. I cannot think of a reason why it would not publish it.

Do you have any thoughts on that, Stephen?

Stephen Boyle: I hope that the fact that Lisa Duthie and Neil Maclean have captured that in the annual audit report and that it is in the section 22 report is clear to the committee. We think that a register is important and that it builds trust and transparency, which is why I made the recommendation, but the committee might want to pursue the matter with Historic Environment Scotland.

The Convener: I cannot think of a good reason why it should not publish a register, so I am certainly keen to take that up with it in future.

I will go back to the original questions about leadership. In the report, you used the phrase "joint visible leadership". There are concerns about working relationships and, in a literal sense, there are concerns about how visible the leadership is. I understand that there are concerns about attendance in the office in terms of providing that visible leadership. If senior leaders are in silos, particularly hostile silos, that will not be resolved if people are not in the same room, working through those issues.

The issue of office attendance in the public sector is regularly raised, but, on this particular occasion, in relation to building those relationships and not operating in hostile silos, has any audit been done of the impact that the situation has had on the culture of the organisation?

Stephen Boyle: I will pass to Lisa Duthie to say a bit more about that. David Martin considered this as part of his work, but perhaps his approach in relation to HES was different from the approach that would be taken in relation to some other organisations. If anything, hybrid working is the norm for many organisations. I think that the nature of HES's service delivery model, with its dispersed workforce, and perhaps some of the relationship issues that prevailed between previous iterations of the executive team, as well as the need to rebuild trust, mean that that cannot all be achieved satisfactorily in a remote context. That was an important feature of David Martin's cultural recommendations.

Neil Maclean and Lisa Duthie might want to say a bit more about how prevalent those issues are and whether they featured in any of the engagement that we had.

Lisa Duthie: The issue about joint visible leadership points to the reset of the relationship

between the board and the executive team. That is the area in which joint visible leadership will be coming through, and some of the evidence that fed into David Martin's review was about that relationship piece.

Mention was made of hybrid working. As far as our audit engagement is concerned, we have on-site working and in-person attendance at board meetings and meetings of the audit, risk and assurance committee. Therefore, I do not have any concerns about in-person engagement.

Neil Maclean: I have nothing to add.

10:45

The Convener: Related to that, the former chair resigned less than a year after being appointed. I remember concerns being raised at the time of his appointment about the fact that the role was part time—it was for only two days a week, I think. Concerns were raised that that would not be sufficient to get to the heart of the problem. Such a commitment might have been considered acceptable in the longer term, but, given the specific problems that existed at the organisation, there were concerns that a part-time role would not be sufficient.

Did your audit consider whether the time commitment that was allocated to the chair role was sufficient for handling an organisation that was in crisis? The situation might have been different in the longer term, but, given the particular challenges that the organisation was facing—and which it still faces—was that time commitment sufficient?

Stephen Boyle: I am not sure that we have looked at the specifics of the time commitment of the chair, although I would observe that an indicative commitment of 24 days a year applies in relation to the five new non-executives who have been appointed, which I would say is at the upper end of what is usual for non-executive public appointments.

Although the role of the chair is very important, a big time commitment on the part of the new chair alone will not be sufficient; the necessary improvements will be achieved through the whole of the new non-executive board bringing its focus and expertise to bear. That will require investment in a complete reset in terms of the new leadership team and the new non-executives.

Off the top of my head, I do not know what the expectations are with regard to the time commitment of the new chair, but Neil Maclean or Lisa Duthie might know.

Lisa Duthie: I make the observation that the former chair came in at a time when things were particularly challenging, so their input would have been higher than it would have been in normal circumstances.

Our understanding of the resignation of the former chair is that it was based on the David Martin review and the fact that a significant change programme for the organisation would have to be undertaken, which it would be more appropriate for a new chair to take forward, given how long the process would take.

The Convener: Thank you for that. There needs to be visible and effective leadership from senior executive leaders in the organisation and board members.

My final question is about the David Martin review that we keep talking about, which made 30 recommendations. I think that the Europe, External Affairs and Culture Committee questioned the interim chief operating officer on this subject. Do you know how many of the 30 recommendations have been progressed so far?

Lisa Duthie: I do not think that we can mark any of the recommendations as complete at this stage. A transformation process has been put in place to drive forward those recommendations, which are wide ranging and, in some cases, highly significant.

The Convener: So, none of the 30 recommendations has been implemented. As you have said throughout the meeting, there is a lot of work to do.

Lisa Duthie: To be clear, we have not seen a progress report in which recommendations would be marked as complete, but we can say that it is our understanding that the programme to deliver those recommendations has been set up.

The Convener: It is clear that there is a lot of work for the organisation to do, as we have discussed in detail.

Do members have any other questions?

Miles Briggs: Paragraph 27 of the report relates to the register of interests that is now in place for executive leadership team members. Do you know whether that has been updated since individuals have left? How would we be able to get access to that? Is that recommendation being progressed with other public bodies that currently do not have a register of interests?

Stephen Boyle: I will address your points in reverse order. We expect all public bodies, through their audit work and their boards, to pay attention to the work of this committee, make visible the recommendations that are featured in our reports and enact them where relevant. Auditors follow that up across the piece. That is particularly relevant to HES, given the range of commercial

activities that it undertakes. It is important to avoid any accusations of conflicts of interests—for example, the use of hospitality, tickets and so forth, which the previous committee's convener took evidence on—to ensure that people can satisfy themselves and be reassured that they do not have any concerns.

On whether it has been updated, I note that HES will be responsible for updating it, and we will track that through our 2026-27 audit. As we talked about a moment or two ago, transparency around that will be important, so, although it will clearly be a matter for HES, our recommendation stands.

The Convener: Who is it accessible to just now? It has not been published, but it exists, so who can see it?

Stephen Boyle: It is internal to the organisation.

The Convener: Not everyone in the organisation can see it, surely.

Stephen Boyle: I would be surprised if everybody in the organisation can see it. Colleagues can keep me right on that. It might be that it is just used for governance purposes.

The Convener: Do we even know whether HES board members currently have access to the executive leadership team's register of interests?

Stephen Boyle: Again, if we do not know—

The Convener: Sorry, I know that you do not know.

Stephen Boyle: Apologies, convener. We might need to come back to you with that detail. That speaks to the point that there is a lack of transparency around it. As Lisa Duthie has set out, we are relaying HES's position on it; it is not one that we share.

Miles Briggs: This might be something that the committee will have to pursue as a wider issue. Would the controversial £20,000 dinner at the castle be seen as an internal training piece of work and spend, so it would not end up in a senior leadership member's entries in the register of interests? Under what has been recommended, the accountability and scrutiny of that would not necessarily be improved. Is my reading of that right?

Stephen Boyle: It depends on the circumstances. That was the catalyst for the improvements in policies and practices and what was going on in the organisation. The technicalities of whether it was an internal organisation event or a gift and hospitality ought to have been appropriately captured alongside the context around the register of interests.

Lisa Duthie: There is a revision to the gifts and hospitality policy, so we will see improvements coming through. It comes back to the key message in our report, which is that we are seeing changes in policies and it is now about the journey to implement and embed those policies.

Alan Brown: Lisa, you have just touched on what I was going to ask about the ticket allocation, gifts and hospitality arrangements. It is fundamental to have that policy in place if we are to have a clear register of interests. The report says that HES is

"still developing new and revised policies and processes."

Is that the case, or have those been worked through and there are now proper and clear processes?

Lisa Duthie: Neil has the detail on the latest position on the policies that have been developed.

Neil Maclean: The most up-to-date position that we have received is that there are two policies. Their names might change, but they are currently the receiving gifts and hospitality policy and the official gifts and hospitality policy. Our understanding is that they are in draft and are expected to go to the executive leadership team for approval imminently.

Alan Brown: Previously, the internal review provided limited assurance. Do you know whether there will be enough confidence and assurance from, and checks and balances in, the new policy? Is it part of the process review?

Stephen Boyle: That will be an important step for internal audit, as and when it chooses to revisit the application of the policy to make judgments and conclusions, or whether it has changed its view. However, regardless of when internal audit comes back to do that, it should be for the leadership team and board of Historic Environment Scotland to satisfy themselves that the policy is being applied rigorously and that it is fit for purpose. As we have mentioned once or twice, we will keep a close eye on the implementation of all the recommendations through the 2026-27 audit and beyond—probably for the duration of the transformation programme.

The Convener: As there are no further questions from members, I thank the Auditor General, Lisa Duthie and Neil Maclean for their evidence. We now move into private session.

10:55

Meeting continued in private until 11:40.

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