

# Minutes of previous meeting

Interim Secretary, Accounts Commission

## Purpose

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

## Recommendations

2. The Commission is asked to:
  - Approve the attached draft minute of its previous meeting.

## Minutes

3. The minute of the previous meeting is in Appendix 1.
4. Members should note that the action tracker – available on the member SharePoint site and provided to members monthly – provides updates on progress from previous meetings.

# Minutes

Wednesday 13 September 2023, 9.30am

Audit Scotland offices, 102 West Port, Edinburgh, and  
online via Microsoft Teams

502<sup>nd</sup> meeting of the Accounts Commission

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## Present:

Ronnie Hinds (Interim Chair)

Malcolm Bell

Nichola Brown

Andrew Burns

Andrew Cowie

Sophie Flemig

Sheila Gunn

Jennifer Henderson

Christine Lester

Tim McKay

Geraldine Wooley

## In attendance:

Helena Gray, Controller of Audit

Kathrine Sibbald, Interim Secretary to the Commission

Mark Taylor, Audit Director, Performance Audit and Best Value (item 6)

Simon Ebbett, Communications Manager (item 11)

Carol Calder, Audit Director, Performance Audit and Best Value (item 12)

Adam Bullough, Audit Manager, Performance Audit and Best Value (item 12)

Christopher Holgate, Audit Officer, Performance Audit and Best Value (item 12)

Joanna Mansell, Communications Adviser (item 12)

Gemma Diamond, Director of Innovation and Transformation (item 13)

Nina Miller, Senior Auditor, Performance Audit and Best Value (item 13)

Paul O'Brien, Director of Quality and Professional Support (item 14)

Vicki Bibby, Chief Operating Officer (items 15 & 16)

Stuart Dennis, Corporate Finance Manager (item 16)

## 1. Apologies for absence

It was noted that apologies for absence had been received from Ruth MacLeod.

## 2. Declaration of connections

The following declarations of connection were noted:

- Malcolm Bell, in relation to item 12, as an elected council official between 2012 and 2022. His past employment was not a sufficiently material connection to the subject matter of the Controller of Audit's report to recuse himself.
- Sophie Flemig, in relation to item 13, due to direct employment with Cattanach. Her employment was not a sufficiently material connection to the subject matter of the Director of Innovation and Transformation report to recuse herself.

- Geraldine Wooley highlighted her membership of Royal Institution of Chartered Surveyors (RICS) in relation to any following discussions around Reinforced autoclaved aerated concrete (RAAC) or building control.

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

It was agreed that the following items be considered in private:

- Items 9 to 17, as they required the Commission to consider confidential policy matters.

### **4. Minutes of meeting of 10 August 2023**

The Commission considered a report by the Secretary presenting the minutes of the meeting of 10 August 2023, including a summary of business arising from those minutes.

Tim McKay asked for an update on any Commission response to the consultation on councillor remuneration (which had been raised in relation to the Secretary's report at the previous meeting). Kathrine Sibbald advised that following a survey of Scottish councillors in June, there is no plan for a wider consultation, but the Chair of the Scottish Local Authority Remuneration Committee (SLARC) had offered to arrange for SLARC members to meet the Local Services team within Performance Audit and Best Value (PABV) and any interested Commission members, who should advise the Secretary of their interest.

With no further comments made, the minutes of the meeting were approved as a correct record.

### **5. Minutes of August 2023 committee meetings**

The Commission considered a report by the Interim Secretary presenting the minutes of the meetings of the Commission's committees of 24 August 2023 including a summary of business arising from those minutes.

Following discussion, the Commission approved the draft minutes of the Committees.

### **6. Strategy and work programme: Work programme update - September 2023**

The Commission considered a report by the Executive Director of PABV providing an update on the joint Auditor General for Scotland (AGS) and Accounts Commission work programme.

During discussion,

- Mark Taylor advised members that following discussion at the August Performance Audit Committee (PAC) meeting it was proposed that five new products be added to the work programme. Commission members were reassured there is adequate capacity to deliver the current work programme and welcomed the additional cost information as valuable context for their decisions. It was discussed there would be flexibility in the work programme with limited headroom available in 2023/24 and more in 2024/25.
- Commission members acknowledged that adding further products during the remainder of 2023/24 would realistically result in substitution of a current product. Any such decisions would be made by the Accounts Commission.

- In relation to Slide 6: Climate change – Sustainable Transport, Sophie Flemig suggested that the scope of the audit, currently due to be focused on 20-minute neighbourhoods, should be widened to consider transport strategies more broadly. Mark Taylor advised that the update to the Commission focused on the ‘local’ aspect of this proposed addition, and that the work was expected to include the area suggested. This would be further developed as the audit team continued its scoping work.
- Christine Lester queried the title of the Social Care blog scheduled for Autumn 2023, suggesting it could be titled ‘Community Health and Social Care’ for consideration as work on preparing the blog continued.

**Action: Executive Director of PABV**

- Christine Lester discussed the proposed performance audit on ‘Primary Care’ and queried whether it should be a joint product between the AGS (Auditor General for Scotland) and Accounts Commission. Following discussion, Mark Taylor advised the planned work was expected to focus on the NHS and GP contracts. The title and coverage of this audit would be refined as scoping work continued.

**Action: Executive Director of PABV**

- Additional support for learning (Joint) - Nichola Brown expressed an interest in being involved with this product and suggested ‘lived experience’ should be incorporated into the scope, particularly to provide qualitative evidence where there is limited data. Mark Taylor agreed to evaluate this, however he advised that there may be a trade-off of depth versus speed, to highlight the issues, then consider any, more detailed, follow-up work.

Following discussion, the Commission:

- Noted the progress delivering the work programme from June 2023 to August 2023.
- Noted the planned products up to March 2024.
- Agreed the additions proposed to the programme, subject to today’s discussions, agreeing that it is flexible and can be revisited as part of future work programme updates.
- Agreed to an offline discussion around the sequencing and impact of reports, stemming from the Chair’s query of the timing of successive Climate Change outputs.

## **7. Secretary’s update report**

The Commission considered a report by the Interim Secretary providing an update on significant recent activity relating to local government.

During discussion,

- In relation to paragraphs 34 and 35 regarding financial issues facing councils in England, the Controller of Audit advised that for Scottish councils the Financial Audit & Assurance Committee (FAAC) would continue to monitor risks through the Current Issues report. The Chair commented the problems in England and Wales are multi-factorial and that assurance can be taken from the Scottish public audit model and cyclical audit delivered in Scotland. It was agreed that the Best Value Legacy Report should be used to frame this reassurance publicly.

- In relation to paragraphs 8-12 regarding Scottish Government funding announcements, Sheila Gunn commented that it was welcome that funding is being allocated. However, she highlighted that the actions being undertaken are in danger of not recognising the scale of the problem, and in particular how actions in one area can have impacts in other areas. It was agreed that the Commission would continue to monitor this.
- Regarding paragraph 16 concerning funding for advice agencies, Geraldine Wooley queried where responsibility lies for auditing this funding and how it will interact with existing crisis grants. The Controller of Audit agreed to feed back to the Commission.

***Action: Interim Secretary***

- Regarding paragraph 31 on a report on building safety in Wales, Gillian Wooley commented on further issues becoming known, the difficulties surrounding qualified surveyors' capacity, and the impact not only in terms of building maintenance but also disruption to the services provided within them. It was suggested that less high-profile services and professions could potentially be included in a Workforce Planning audit. Ronnie Hinds agreed and suggested this could be incorporated into the refreshed Overview Reporting approach, in line with the Commission's intention to place more emphasis on services and functions that have received less focus in recent years.
- In relation to the Democracy Matters consultation referred to in paragraphs 25 and 46, Sophie Flemig advised that the reviews should be forward-thinking and have an emphasis on involving 'lived experience' and stated that there was a real opportunity for the Commission to be 'visible' in this area. Carol Calder confirmed that Accounts Commission representatives and the Executive Director of PABV have been involved in initial conversations with the Local Government, Housing and Planning Committee in relation to Democracy Matters.

***Action: Executive Director of PABV***

Following discussion, the Commission:

- Noted the report.
- Agreed that the Executive Director of PABV consider responses to the two consultations outlined within the report, and draft responses as appropriate.

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

The Chair, having advised that there was no business for this item, closed the public part of the meeting.

## **9. Chair's update report**

The Commission considered a report by the Chair providing an update on recent and upcoming activity.

Following discussion, the Commission:

- Noted the report.

## 10. Controller of Audit's update report

The Commission considered a report by the Controller of Audit providing an update on recent and upcoming activity.

During discussion,

- Helena Gray agreed to share the key messages the Commission previously agreed on Best Value for Commission members attending upcoming SOLACE (Society of Local Authority Chief Executives) and COSLA (Convention of Scottish Local Authorities)

### **Action: Controller of Audit**

- Helena Gray discussed the recent workshop with the Improvement service (IS) on the Local Government Blueprint and the particular call to action on the Crerar review. It was advised that the workshop allowed for wide-ranging collaborative discussions on Best Value reporting and the role of audit in scrutiny and development.

Following discussion, the Commission:

- Noted the report.

## 11. 2023 Local Government survey

The Commission considered an update by the Communications Manager on the 2023 Local Government survey.

During discussion,

- Members noted the survey findings, discussed the methodological approach undertaken and agreed that as part of a wider picture of intelligence the cost involved seemed reasonable. It was agreed that it would be beneficial to continue participation to provide some trend analysis for the Commission to consider in future years.
- It was agreed that Simon Ebbett would provide more narrative on the value of this survey and consider ways to get MSP feedback/opinions about the Commission, with this organisation's MSP survey being one of the options, through the update paper on stakeholder analysis due to be presented to the Commission in November. The Commission also advised that a request should be made to include council Directors of Finance in future editions of the Local Government survey.

### **Action: Communications Manager**

- Members discussed comments in the survey from one Chief Executive that the Commission was *'making overtures' about becoming more a regulator of local government*. Ronnie Hinds confirmed this had been allayed at a recent meeting with COSLA and will be best managed through engagement with councils rather than directly commented on.
- It was agreed that due to the nature of the Chair's position, direct engagement with senior council representatives is essential and should be maintained. However, it is important to ensure the Chair is representing and speaking on behalf of the Commission rather than giving individual opinions.

Following discussion, members:

- Noted the findings of the report.
- Noted plans to hold further discussion in November about the wider approach to stakeholder insights, including whether to continue participating in this survey in future.
- Agreed to use upcoming Best Value reports to increase awareness and impact through face-to-face meetings with councils.

## 12. Best Value Legacy Report

The Commission considered an update by the Controller of Audit and the Audit Director, Performance Audit and Best Value on the Best Value Legacy Report.

During discussion,

- The Controller of Audit thanked Best Value Working Group (BVWG) members for their input and suggested amendments to the report.
- Commission members suggested that it may be beneficial to include a section outlining a case study or comments from councils or individuals who have used the reports to deliver change. Andrew Burns suggested a member of the Public Audit Committee, such as the Convener, may be appropriate to comment to assist promotion. Nichola Brown advised a launch event including speakers could provide a vehicle to reach communities and provide impact. The Audit Team and Communications Advisor agreed to evaluate and respond on promotional activity around the report, specifically how it will be promoted to communities.

### **Action: Communications Adviser & Audit Team**

- Joanna Mansell advised the Commission that feedback and messages from council representatives relating to previous Best Value reports have been compiled and have been incorporated into the Best Value blog being prepared by Geraldine Wooley. The blog will also emphasise the particular importance of the Commission's Best Value work in the current financial and local government context. Additionally, it was confirmed that the IS and COSLA have been approached and lined up to assist in promotion of the report.
- The Commission agreed the 'About this report' section should be reworked to incorporate the theme of continuous improvement and suggested including the schedule for further Best Value work coming to the Commission.

Following discussion, it was agreed:

- The Audit Team and Controller of Audit will amend the report's title to have more impact.
- The Audit Team will consider how best to add in the statutory meaning of Best Value, potentially as an appendix to paragraph 9, and to ensure the key message in paragraph 3 – that Best Value has led to improvement in Scottish local government – is emphasised as the leading message in communications.
- Commission members delegated authority to the Chair to sign off amendments and the final report.

### 13. Consultation response: Human Rights Bill

The Commission considered an update by the Director of Innovation and Transformation on the draft response to the Human Rights Bill consultation.

During discussion, Accounts Commission members agreed it is appropriate to submit a joint response to the consultation, and for that response to be in the form of a letter emphasising general points (with reference to the consultation questions) rather than responding to each consultation question in turn.

Members also discussed the potential to comment further on the accountability and scrutiny arrangements and which body would be responsible. In addition, Sophie Flemig suggested Christine Bell as a potential future guest speaker at a Commission meeting – Christine Bell will be added to the list of potential speakers to invite.

#### ***Action: Policy Manager to Accounts Commission***

Following discussion,

- Gemma Diamond agreed to update the Accounts Commission periodically on developments regarding the Bill.

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

- Agreed to the recommendations outlined in paragraph 8.

### 14. Guidance on planning 2023/24 annual audits

The Commission considered an update by the Director of Quality and Support on the Guidance on planning 2023/24 annual audits.

During discussion,

- Paul O'Brien provided reassurance to Commission Members around audit delivery dates and advising that audit providers will continue to prioritise audit quality over meeting target submission dates. It was advised this was in line with FRC (Financial Reporting Council) commentary. It was advised delays in audit delivery are attributable to timings delays stemming from the pandemic.
- It was advised that audit delivery by 30 September 2024 would not be 100 percent, rather auditors would look to make positive progress on delivery from the 2022/23 audits, including minimising the length of any delays in completing audits beyond that date. It was also noted that this was not a 'Pass or Fail' measure but a guide as to whether audits meet the statutory obligation to be 'timely'.
- Paul O'Brien responded to Malcolm Bell's query around the amount below which errors are considered to be trivial explained on page 9 of the draft Guidance, advising auditors will continue to calculate their own thresholds as usual practice in the absence of a formal cap, previously £250,000. Para 81 - The Controller of Audit responded to a query from Tim McKay that lessons learnt from the 2022/23 thematic work have already fed into the draft of the planning guidance and any further lessons will be available to inform future work.
- The Commission discussed the thematic work for 2023/24 about workforce innovation - Jennifer Henderson asked if the use of contingency workers formed part of the guidance.



Carol Calder agreed to look at the supplementary guidance issued to auditors to incorporate contingency workers.

**Action: Audit Director, PABV**

Following discussion, Commission members:

- Approved the draft guidance, ahead of consultation with audit providers.
- Agreed for the Secretary to look at reintroducing firm attendance to FAAC meetings.
- Delegated authority to the Chair to sign off amendments and final guidance.

## 15. Change Programme - update

The Commission considered an update by the Chief Operating Officer (COO) on the Change Programme.

During discussion,

- Vicki Bibby advised audit delivery rates would be presented as part of the Audit Scotland performance update due at the October Commission meeting. It was also advised although the PWF (Partnership Working Framework) was omitted from today's agenda that the Commission Members can take reassurance that partnership working is evident.
- Helena Gray advised the business case referred to in paragraph 33 will be discussed at the next meeting of the Communication Working Group in October.
- Commission Members endorsed the use of the new audio/visual (AV) technology in the EH1/2 meeting rooms for Accounts Commission meetings, subject to further testing.

Following discussion,

- Commission members noted the report.
- It was agreed the incoming interim Secretary would co-author the next edition of this report with the COO.
- The Commission agreed for the next update report to be presented in 2024 following the recruitment of a new Chair, to ensure the change programme still reflects the interests of the Commission.

## 16. Budget and Resources - update

The Commission considered an update by the COO and the Corporate Finance Manager on Budget and Resourcing.

During discussion,

- Vicki Bibby advised that although it is the Audit Scotland Board that approves the budget that is submitted to the Scottish Commission for Public Audit (SCPA), it is the first time the Accounts Commission representatives will have input to the draft budget. Andrew Burns and Jennifer Henderson have agreed to represent the Commission's interests in this, alongside the Chair.

- Vicki Bibby confirmed that any underspend could not be kept by Audit Scotland and carried over, as such any slippage in spend would be required to be built into the next budget submission.
- Commission Members discussed whether the communication line in the budget would be removed after the installation of the new AV/Visual technology. It was advised that the system is currently being evaluated by Audit Scotland and Commission Support colleagues. The cost for additional livestreaming support will not be required if the new system is acceptable.

Following discussion,

- The Chair advised Members that the relationship with the SCPA may require some attention and the Commission should adopt a pro-active stance in explaining value for money.
- The Chair asked members to recognise this update as an element of Partnership Working in progress.
- Approved the next steps outlined in paragraph 34.

## **17. Any other private business**

The Chair placed on record his thanks to outgoing Accounts Commission Members Sophie Flemig, Geraldine Wooley, Sheila Gunn and Tim McKay (Deputy Chair), whose terms will end at the end of September 2023.

The Deputy Chair also communicated the Accounts Commissions members thanks to former Secretary Paul Reilly and Executive Assistant Jillian Elgin who have now left their roles.

The Chair, having advised that there was no further business for this item, closed the meeting.

## **18. Close of meeting**

The meeting closed at 12.45 pm.