

MEETING: 13 SEPTEMBER 2018

MINUTES OF PREVIOUS MEETING

Minutes of the 448th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 9 August 2018, at 11.15am

PRESENT: Graham Sharp (Chair)
 Andrew Burns
 Andrew Cowie
 Sandy Cumming
 Sophie Flemig
 Ronnie Hinds
 Tim McKay
 Stephen Moore
 Pauline Weetman
 Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
 Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
 Carol Calder, Senior Manager, PABV [Item 10]
 Gemma Diamond, Senior Manager, PABV [Item 13]
 Iain Lochhead, Senior Auditor, Audit Services Group (ASG) [Items 14 and 15]
 Tricia Meldrum, Senior Manager, PABV [Item 12]
 Gill Miller, Audit Manager, PABV [Items 14 and 15]
 Stephen O'Hagan, Senior Audit Manager, ASG [Items 14 and 15]
 Mark Roberts, Senior Manager, PABV [Item 13]
 Claire Sweeney, Associate Director, PABV [Item 10]
 Mark Taylor, Audit Director, ASG [Item 13]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 7 June 2018
5. Minutes of meeting of Performance Audit Committee of 14 June 2018
6. Audit Scotland Board update
7. Update report by the Secretary to the Accounts Commission
8. Update report by the Controller of Audit
9. Commission meeting arrangements 2019
10. Briefing: Housing
11. Briefing: Rural issues
12. Briefing: Engaging with young people
13. New financial powers update
14. Audit of Best Value: Glasgow City Council
15. Audit of Best Value: Glasgow City Council
16. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Sheila Gunn and Alan Campbell.

2. Declarations of interest

The following declarations of interest were made:

- Andrew Cowie, in items 14 and 15, as a joint owner of a residential property in Glasgow.
- Sandy Cumming, in item 11, as Chair of Scotland's Rural College.

3. Decisions on taking business in private

It was agreed that item 15 be taken in private as it requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.

No business was notified by members for item 16 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 7 June 2018

The minutes of the meeting of 7 June 2018 were approved as a correct record, subject to, in relation to item 12, noting advice from the Secretary that the performance audit report on children and young people's mental health would be published on 13 September.

5. Minutes of meeting of Performance Audit Committee of 14 June 2018

The minutes of the meeting of the Performance Audit Committee of 14 June 2018 were approved as a correct record.

6. Audit Scotland Board update

The Commission noted a report by the Secretary providing an update on the business of the Audit Scotland Board.

7. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- In relation to paragraph 36, in response to a query from Ronnie Hinds, agreed that the Secretary and the Chair consider the appropriateness of engagement in the consultation phase of the Local Governance Review.

Action: Secretary

- In relation to paragraph 42, noted advice from the Secretary that "academic year" should read "financial year".
- In relation to paragraph 56, noted advice from the Secretary that a review of the Improvement Service undertaken by the Convention of Scottish Local Authorities (COSLA) was ongoing, into which the Commission would be invited to offer its view.

- In relation to paragraph 91, in response to a query from Geraldine Wooley, noted advice from the Controller of Audit that council investment in commercial property assets is less prevalent in Scotland than in England, but this would remain an area worthy of monitoring.

Following discussion, the Commission agreed:

- That it considers at its next meeting a draft response to the Scottish Government consultation on a consumer body for Scotland.

Action: Director of PABV

- That the Financial Audit and Assurance Committee consider the consultation on the Scottish Local Government Pension Scheme structural review.

Action: Secretary

- Not to respond to the Scottish Government consultation on implementation of the Barclay Review (paragraph 39).

Action: Secretary

8. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

9. Commission meeting arrangements 2019

The Commission considered a report by the Secretary to the Commission to propose meeting arrangements for the Commission for 2019.

Following discussion, the Commission:

- Agreed the proposed schedule and arrangements for meetings of the Commission and its committees in 2019, including proposed dates for the annual and mid-year strategy seminars.
- Agreed to continue a speaker session during committee days, and noted the proposed schedule of speakers for the remainder of 2018.
- Agreed further in this regard that a speaker on regional collaboration around city deals be included in the schedule of speakers for 2019.
- Agreed further in this regard that members liaise with the Secretary with other suggestions.
- Agreed that further discussion take place at the mid-year strategy seminar on suggestions made by members on:
 - Starting time for Commission meetings
 - Use of other locations for Commission meetings
 - Different scheduling of the Strategy Seminar over the allotted two days.

Actions: Secretary

10. Briefing: Housing

The Commission considered a report by the Director of PABV providing a summary on activity in the housing sector since the *Housing in Scotland* performance audit published in July 2013.

Following discussion, the Commission:

- Agreed not to hold a second stakeholder roundtable, given the effectiveness of the first such event in gathering information to help inform the forthcoming performance audit.
- Agreed that an options paper on the topic for a housing performance audit be considered by the Performance Audit Committee in November 2018.
- Agreed, in relation to various queries from members, that the following be considered as part of the appraisal of options for the forthcoming performance audit:
 - immigration reform (raised by Sophie Flemig)
 - affordable homes, with particular reference to key workers in rural areas (Andrew Cowie and Ronnie Hinds)
 - the implications of the ongoing Planning Bill (Ronnie Hinds)
 - construction workforce skills and capacity (Ronnie Hinds)
 - progress against national targets (Andrews Burns).

Action: Director of PABV

- agreed that the forthcoming council engagement events be used to highlight the paper and forthcoming audit work in this regard.

Action: Secretary

11. Briefing: Rural issues

The Commission considered a report by the Director of PABV introducing a briefing paper on Scotland's rural and islands policy and summarises how Audit Scotland reflects rural issues in its work, both currently and into the future.

The Chair welcomed Professor Sarah Skerratt, Rural Policy Centre Director, Scotland's Rural College, who authored the briefing paper.

Following discussion, the Commission:

- noted how Audit Scotland has been focusing on rural as context to inform local and national audit work, and considering the specific audit implications of the Islands Act.
- note the proposed approach to maintaining a "rural lens" and integrating rural perspectives into future audit.
- agreed that the forthcoming council engagement events be used to highlight the paper and forthcoming audit work in this regard.
- agreed that further consideration be given to maximising the accessibility of formal meetings of the Commission to different audiences.

Action: Secretary

12. Briefing: Engaging with young people

The Commission considered a report by the Director of PABV on Audit Scotland's work to engage with young people as part of broader programme development, and to inform the Commission about how it is marking the Year of Young People 2018.

Following discussion, the Commission:

- Noted the establishment of a standing panel of young people to help inform audit work and work programme development.
- Agreed that Audit Scotland and the panel consider approaches to mentoring.
- Agreed to receive regular updates on the work of the panel.

Action: Director of PABV

- Agreed that the panel be represented as part of the lunchtime speaker programme.

Action: Secretary

- Noted the activities of Audit Scotland around the Year of Young People 2018.

13. New financial powers update

The Commission considered a report by Mark Taylor, Audit Director, ASG and PABV on key developments surrounding financial devolution and constitutional change.

During discussion, the Commission:

- Agreed to note that Mark Taylor would provide further information on proposals for the decision-making process around the management of Crown Estate assets.

Action: Audit Director

- Noted advice from the Audit Director that, in future Auditor General performance audit work in relation to new social security powers, risks around diverging social security assessment criteria between Scotland and the rest of the UK would be considered.

Action: Director of PABV

Following discussion, the Commission agreed to note the report.

14. Audit of Best Value: Glasgow City Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report for Glasgow City Council.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

15. Audit of Best Value: Glasgow City Council [private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the Best Value Assurance Report of Glasgow City Council.

Following discussion, the Commission agreed to make findings, to be published on 23 August 2018.

Action: Secretary

16. Commission business matters

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