

MEETING: 7 MAY 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 466th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 12 March 2020, at 10.15am.

- PRESENT:**
- Graham Sharp (by telephone)
 - Andrew Burns (left the meeting during item 15)
 - Andrew Cowie (left the meeting during item 18 due to the meeting overrunning)
 - Sophie Flemig
 - Sheila Gunn
 - Christine Lester
 - Tim McKay
 - Stephen Moore
 - Elma Murray (in the chair)
 - Pauline Weetman
 - Geraldine Wooley (left the meeting during item 18 due to the meeting overrunning)
- IN ATTENDANCE:**
- Paul Reilly, Secretary to the Commission
 - Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
 - Antony Clark, Audit Director, PABV (Items 11 and 17)
 - John Cornett, Audit Director, Audit Services (Items 13 and 14)
 - Stuart Dennis, Corporate Finance Manager (Items 18 and 19)
 - Gemma Diamond, Audit Director, PABV (Item 16)
 - Graeme Greenhill, Senior Manager, PABV (Item 11)
 - Adam Haahr, Audit Manager, Audit Services (Items 13 and 14)
 - Robert Leask, Project Manager, Audit Quality and Appointments (Items 18 and 19)
 - David Love, Senior Auditor, PABV (Item 15)
 - Tricia Meldum, Senior Manager, PABV (Item 17)
 - Beverley Oakman, Audit Manager, PABV (Item 17)
 - Richard Robinson, Senior Manager, PABV (Item 10)
 - Kathrine Sibbald, Audit Manager, PABV (Item 15)
 - David Sim, Benefits Auditor, Audit Strategy (Item 16)
 - Claire Tennyson, Audit Officer, PABV (Item 15)
 - Rikki Young, Business Manager, PABV (Item 11)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 6 February 2020
5. Minutes of meeting of Financial Audit and Assurance Committee of 20 February 2020
6. Minutes of meeting of Performance Audit Committee of 20 February 2020
7. Update report by the Secretary to the Commission
8. Update report by the Controller of Audit
9. Local Government Benchmarking Framework: draft national benchmarking overview report 2018/19
10. Briefing: the 2020/21 budget
11. Accounts Commission and Auditor General for Scotland rolling work programme refresh: 2020/21 – 2024/25
12. Accounts Commission strategy refresh 2020-25
13. Statutory report: Renfrewshire Council
14. Statutory report: Renfrewshire Council (in private)
15. Local government in Scotland 2020: performance and challenges – draft report (in private)
16. Performance audit: draft report - Improving outcomes for young people through school education (in private)
17. Benefits administration performance audit: Housing benefit overpayments in Scotland – a thematic study – draft report (in private)
18. New audit appointments and Code of Audit Practice – update (in private)
19. Value for money of audit service providers (in private)
20. Commission business matters (in private)

1. Apologies for absence or early leaving

It was noted that apologies for absence had been received from Sharon O'Connor, and for leaving the meeting early from Andrew Burns.

2. Declarations of interest

The following declaration of interest was made:

- Elma Murray, in item 9, given her previous involvement in the establishment of the Local Government Benchmarking Project and as a Board member of the APSE (Association for Public Sector Excellence) Local Government Commission 2030; in item 15 as a former Chief Executive of North Ayrshire Council; and in item 16 as a former Chief Executive of North Ayrshire Council and as current Deputy Chair of DYW (Developing Young Workers) Employers Forum.

3. Decisions on taking business in private

It was agreed that items 14 to 20 be considered in private because:

- Item 14 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 appropriate council of its decisions, which the Commission does before making the decision public.
- Item 15 proposes a draft report, which the Commission is to consider in private before publishing.
- Item 16 proposes a draft report, which the Commission is to consider in private before publishing.
- Item 17 proposes a draft performance audit report, which the Commission is to consider in private before publishing.
- Item 18 requires the Commission to consider confidential commercial and contractual matters.
- Item 19 requires the Commission to consider confidential commercial and contractual matters.
- Item 20 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 20 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 6 February 2020

The minutes of the meeting of 6 February 2020 were approved as a correct record.

Arising therefrom, in relation to item 15, the Commission agreed to note advice from the Secretary that the performance audit *Affordable housing* is to be published on 9 April.

5. Minutes of the Financial Audit and Assurance Committee meeting of 20 February 2020

The minutes of the meeting of the Financial Audit and Assurance Committee of 20 February 2020 were approved as a correct record.

Arising therefrom, in relation to item 4, third bullet point, the Commission noted advice from the Secretary that links to Professional Support resources and to the Best Value audit manual would be shared with members in early course.

Action: Secretary

Sheila Gunn asked about progress on the following matter noted by the Committee on 28 November 2019:

The Committee Chair had asked the Secretary to discuss with the Commission Chair how to update the Commission on Audit Scotland Audit Committee business of relevance or interest to the Commission.

The Secretary advised that he had discussed the matter with the Chair, and this would be subject to further discussion with the Chair and Deputy Chair.

Action: Secretary

6. Minutes of the Performance Audit Committee meeting of 20 February 2020

The minutes of the meeting of the Performance Audit Committee of 20 February 2020 were approved as a correct record.

7. Update report by the Secretary to the 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 agreed:

- In relation to paragraph 13, and in response to a point made by Pauline Weetman, noted advice from the Secretary that he would place on the members' SharePoint site a letter from the Chief Executive of Glasgow City Council on behalf of the chief executives of Glasgow City Region in relation to the published performance audit on City and Growth Deals.

Action: Secretary

- In relation to paragraph 23, and in response to a point made by Stephen Moore, to maintain a close interest in the Scottish Index of Multiple Deprivation and how it features across the Commission's work.

Action: Secretary and Director of PABV

- In relation to paragraph 29, and in response to a query from Geraldine Wooley, noted advice from the Director of PABV that he would monitor the detail of the Scottish Government's announced £117m investment in mental health services.

Action: Director of PABV

- In relation to paragraph 42, and in response to a query from Sophie Flemig, noted advice from the Director of PABV that he would keep the Commission updated on the progress of the proposed independent review led by the OECD of the Curriculum for Excellence.

Action: Director of PABV

- In relation to paragraph 66, and in response to a point made by Pauline Weetman, noted advice from the Secretary that he would share any response from COSLA to the Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee in relation to the published performance audit on City and Growth Deals.

Action: Secretary

- In relation to paragraph 73, and in response to a query from Stephen Moore, noted advice from the Director of PABV that part-time college place numbers would be covered in the Auditor General's College Overview report, to be published in June.

Following discussion, the Commission agreed to note the report.

8. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

In discussion, the Commission:

- Agreed to convey its congratulations to Stephen Boyle on his appointment as the next Auditor General for Scotland from 1 July 2020.

Action: Secretary

- Agreed that it hear further from the Controller of Audit at a strategy seminar about his engagement with the Scottish Citizens' Assembly.

Action: Secretary and Controller of Audit

9. Local Government Benchmarking Framework: national benchmarking overview report 2018/19

The Commission considered a report from the Secretary to the Commission on the 2018/19 national benchmarking overview report from the Local Government Benchmarking Framework (LGBF) and introducing a presentation from David Martin, Chair of the LGBF Board and Chief Executive of Dundee City Council, and Emily Lynch, Programme Manager at the Improvement Service.

The Deputy Chair welcomed David Martin and Emily Lynch to the meeting, who undertook a presentation setting out messages from the National Overview Report and progress against the LGBF Board's strategic objectives.

During discussion, the Commission:

- Noted advice from the LGBF representatives, in response to queries from Commission members:
 - o On data in relation to deprivation across different council areas
 - o On ongoing development of health and social care indicators (point raised by Graham Sharp)
 - o On ongoing consideration by the LGBF Board on rural deprivation and population sparsity (Andrew Cowie)
 - o On the role of the LGBF project in relation to locality planning and community empowerment (Andrew Cowie)
 - o On ongoing thinking around presenting service user satisfaction (Sophie Flemig and Tim McKay)
 - o On engagement with the third sector (Sophie Flemig)
 - o On featuring client groups such as people with learning disabilities, older carers, and looked-after children (Stephen Moore)
 - o On the use of family groups to understand factors in service performance (Sheila Gunn).
- Noted advice from David Martin, in response to a query from Graham Sharp,

that the LGBF Board would seek the Commission's view on proposed health and social care indicators.

Action: Secretary

- Agreed, in response to a point from Andrew Burns, that the local government overview report ensure clarity around the funding reduction for local government over time and how this is reflected in various published documents such as the LGBF annual report.

Action: Director of PABV

- Agreed, in response to a point from Andrew Burns, to consider carefully how to present messages in the Commission strategy, annual report and local government overview around public satisfaction in the context of resource reduction for local government.

Action: Secretary and Director of PABV

- Noted advice from David Martin, in response to a query from Sheila Gunn, that he would welcome the Commission's views on service areas to feature in the 'performance dashboard' feature.

Action: Secretary

- Agreed to discuss further with the Director of PABV how the Commission makes use of LGBF reports and data across its reporting.

Action: Secretary and Director of PABV

- Agreed to continue working with the Auditor General and Audit Scotland to encourage more open use and sharing of data by public bodies, not only at national level but also at community planning partnership level.

Action: Secretary and Director of PABV

Following discussion, the Commission:

- Noted the LGBF National Overview Report 2018/19.
- Agreed to consider the implications of the report for its Local Government Overview report.
- Agreed the importance of continued dialogue with the Board and support for the project.

The Deputy Chair then thanked David Martin and Emily Lynch for attending the meeting.

10. Briefing: the 2020/21 budget

The Commission considered a report by the Director of PABV providing a briefing on the Scottish Government's Budget 2020/21, highlighting some of the key implications for local government finances.

During discussion, the Commission agreed that the Director provide more information on:

- Budget changes as set out in Exhibit 5, particularly in relation to impact on the rural economy (following a query from Geraldine Wooley)
- Funding changes over time (e.g. paragraphs 4 and 52) (Stephen Moore).
- The impact on benefits entitlement of the new Scottish Child Payment (Stephen Moore).

Action: Director of PABV

Thereafter, the Commission noted the report.

11. Accounts Commission and Auditor General for Scotland rolling work programme refresh: 2020/21 – 2024/25

The Commission considered a report by the Secretary introducing a paper by the Director of PABV presenting proposals for the annual refresh of the Commission's five-year rolling work programme.

During discussion, the Commission:

- Noted advice from the Director, in response to a query from Andrew Cowie on available resource contingency and flexibility, on the flexibility available to the Commission around part 7 of his paper (i.e. programme development activity, briefing papers and promotion and impact).
- Noted advice from the Director, in response to a query from Geraldine Wooley, that an audit on early learning and childcare in 2021/22 should be included in Exhibit 2 of his paper.
- Agreed, in response to a point made by Tim McKay, the desirability and importance of Commission member involvement in promotional activities around reports and in initiatives such as 'round tables'.
- Agreed, in response to a point made by Tim McKay, to ensure appropriate prominence of benefits administration auditing and reporting in the work programme.

Action: Secretary and Director of PABV

- Agreed, in response to a point made by Stephen Moore, that the Director consider how to undertake work on the legacy of the Commonwealth Games, in the proposed absence of a performance audit in this regard.

Action: Director of PABV

- Agreed, in response to a point made by Sophie Flemig, to consider more matters around a wider systems-level analysis of the Scottish public sector, including considering work being done by the Strategic Scrutiny Group in this regard.

Action: Secretary and Director of PABV

- Agreed, in response to a point made by Stephen Moore, that the role of the Commission in relation to the National Performance Framework be given more prominence in Commission strategic material such as its strategy and work programme.

Action: Secretary

Thereafter, the Commission agreed:

- To note how the programme reflects Commission strategic areas of interest.
- To note how stakeholder consultation feedback has been reflected in the programme (Part 2 and Appendix 2 of the Director's paper).
- To approve the refreshed work programme proposals (Part 3).

Action: Director of PABV and Secretary

- To adopt a response to local government-specific service performance matters through overview reporting (Part 5).

Action: Director of PABV

- To consider such an approach at its annual strategy seminar (Part 5).

Action: Director of PABV and Secretary

- To engage further with the Improvement Service and COSLA over future reporting in the *How Councils Work* series (Part 6) and give further consideration in this regard at a future meeting.

Action: Secretary

12. Accounts Commission strategy refresh 2020-25

The Commission considered a report by the Secretary to the Commission presenting proposals for the refresh of the Commission's strategy for 2020-25.

Following discussion, the Commission:

- Approved the refreshed strategy 2020-25, subject to
 - o More prominently reflecting the role of the Commission in holding health and social care integration joint boards to account (in response to a point made by Stephen Moore).
 - o More prominently reflecting the role of the Commission in relation to the National Performance Framework.
 - o Members raising any other drafting points directly with the Secretary.
- Approve the proposed arrangements for publishing and promoting the strategy.

Actions: Secretary

13. Statutory Report: Renfrewshire Council

The Commission considered a report by the Secretary presenting a statutory report by the Controller of Audit on a matter arising from the 2018/19 audit of Renfrewshire Council.

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

14. Statutory Report: Renfrewshire Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's statutory report on a matter arising from the 2018/19 audit of Renfrewshire Council.

Following discussion, the Commission agreed to make findings to be published on 24 March 2020.

Action: Secretary

15. Local government in Scotland 2020: performance and challenges – draft report (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft report *Local government in Scotland 2020: performance and challenges*, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed to:

- Approve the draft report, subject to:
 - o The audit team considering points raised in discussion in conjunction with the sponsors of the report, Graham Sharp and Elma Murray
 - o Renaming the report with a simpler title (in response to a point raised by Elma Murray).

- Approve the publication and promotion arrangements for the report, including distinct arrangements for the publication and promotion of the case study on planning services.

Actions: Director of PABV and Secretary

16. Performance audit: draft report - Improving outcomes for young people through school education (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report *Improving outcomes for young people through school education*, and of proposed arrangements for publication and promotion of the report.

During discussion, the Commission noted advice from the Director, in response to a query from Sophie Flemig, of the inclusion in the work programme, in 2022-25, of a further performance audit on education.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Sheila Gunn and Sharon O'Connor.
- To approve the publication and promotion arrangements for the report, including ensuring opportunities for the report sponsors to promote the report at relevant events such as conferences.
- Further in this regard, in response to a point raised by Christine Lester, particularly ensuring appropriate promotional activities involving young people.

Actions: Director of PABV and Secretary

17. Benefits administration performance audit: housing benefit overpayments in Scotland – a thematic study: draft report (in private)

The Commission considered a report by the Director of Audit Services seeking approval of the draft thematic study *Housing benefit overpayments in Scotland* and proposing arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering in conjunction with the report sponsor, Tim McKay, points raised in discussion.
- To approve the publication and promotion arrangements for the report.
- In response to a point made by Pauline Weetman, to give future consideration to using future reports in this regard to report on matters around impact on benefit recipients.
- In response to a point made by Stephen Moore, to discuss with the Improvement Service the scope of a seminar or 'round table' on this report and on the wider series of benefits administration reports done by the Commission.

Actions: Director of Audit Services and Secretary

18. New audit appointments and Code of Audit Practice – update (in private)

The Commission considered a report by the Secretary providing an update on progress made with audit appointments and the new Code of Audit Practice ('Code')

and including a draft procurement strategy for its consideration.

Following discussion, the Commission:

- Noted the position with the ongoing stakeholder consultation on the Code.
- Noted that it would consider responses from the consultation and proposed draft Code changes at its meeting on 7 May, and will consider a final draft for approval on 11 June.
- Noted the position with a draft procurement strategy, including the deliberations of a working group of members established by the Deputy Chair in this regard comprising herself, Tim McKay and Pauline Weetman.
- Noted advice from Pauline Weetman that her notes of a recent meeting of the working group were available from her for members' information.
- Agreed to note its continuing interest in the procurement objectives and principles set out in the procurement strategy document.
- Agreed – in not reaching a view on whether to endorse or note the draft procurement strategy - to mandate the Chair to approve the draft strategy on the Commission's behalf in his further deliberations with Audit Scotland Board.

Actions: Secretary

19. Value for money of audit service providers (in private)

The Commission agreed, due to a lack of time available, to defer to a future meeting a report by the Secretary considering matters around value for money of audit service providers.

20. Commission business matters

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