

Minutes

Thursday 8 February 2024, 10.00am

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

507th meeting of the Accounts Commission

Present:

Jo Armstrong (Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie (Virtual)
Carol Evans
Jennifer Henderson
Angela Leitch (Virtual)
Christine Lester
Ruth MacLeod
Mike Neilson
Derek Yule

In attendance:

Allan Campbell, Secretary to the Accounts Commission
Helena Gray, Controller of Audit
Antony Clark, Executive Director of Performance Audit and Best Value (items 5 and 6)
Richard Robinson, Senior Manager, Performance Audit and Best Value (item 5)
Fiona Diggle, Audit Manager, Performance Audit and Best Value (item 5)
Mark Taylor, Audit Director, Performance Audit and Best Value (item 6)
Gillian Simpson, Business Manager, Performance Audit and Best Value (item 6)
Joe Chapman, Policy Manager to the Accounts Commission (item 7)
Joanna Mansell, Communications Adviser (item 7)

1. Apologies for absence

There were no apologies for absence noted.

2. Declaration of connections

Carol Evans declared her recent appointment as a non-executive director of the Scottish Environment Protection Agency – for information and not in connection with any items on the agenda for this meeting.

3. Order of business

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

- Items 9 to 11, as they required the Commission to consider confidential policy matters

4. Minutes of meeting of 11 January 2024

The Commission considered a report by the Secretary presenting the minutes of the meeting of 11 January 2024, including a summary of business arising from the minutes.

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

5. Briefing on the 2024/25 Scottish Budget

The Commission considered a briefing by the Executive Director of Performance Audit and Best Value on the 2024/25 Scottish Budget.

During discussion,

Commission members discussed the varying interpretations of the Budget in terms of changes in funding for local government, highlighting that the number and scale of in-year adjustments in recent years has led to a substantial difference between different year-on-year comparisons. It was suggested that both forms of comparison – budget to budget, and outturn to budget – were useful ways of understanding how funding was being allocated to public bodies, particularly at a time when significant in-year budget changes were taking place. It was noted, however, that predicting future levels of in-year budget changes was difficult given the significant levels of policy and funding volatility at both UK and Scottish level.

- The team was asked for an update regarding the Fiscal Framework, which it was suggested may help resolve the issue of differing messages regarding local government funding in future. Antony advised that there is no new update, with progress on implementing most aspects of the Verity House Agreement, including the new monitoring and accountability framework, having been much slower than expected. Fiona summarised the December progress report that was published by the Scottish Government and COSLA and agreed to circulate this report.

Action: Audit Manager, PABV

The decision not to publish a multi-year budget was raised, as a contrast to the medium-term financial planning that many councils are undertaking – as discussed by the Commission in relation to Best Value reports. It was suggested that a Fiscal Framework may support medium-term financial planning as well as providing some clarity on future funding models and accountability frameworks.

- Members raised the issue of the Council Tax freeze, and the team confirmed the understanding that councils are not obliged to implement it and that some are known to be considering whether or not to do so. The team was asked about the cumulative cost to councils on an ongoing basis of previous successive freezes and caps on Council Tax. It was suggested that COSLA or Local Government Directors of Finance (DoFs) may have undertaken analysis or research into this matter. Antony agreed to look into this.

Action: Executive Director of PABV

The team was asked about the potential impact of the Council Tax freeze on councils' ability to deliver high quality services to local communities and the delivery of improved outcomes, particularly in relation to inequalities. Antony said the team did not have specific evidence on this point from the budget briefing, however, the impact of budget reductions on service performance in key 'non-protected' service areas was an important theme in recent Local Government Benchmarking Framework (LGBF) annual reports. Asked about scrutiny of the impact of the budget on inequalities, Antony highlighted the role of Equalities Impact Assessments (EIAs), as well as the importance of Parliamentary scrutiny on these matters. The team agreed to look into this further once the Budget Bill has been passed.

Action: Executive Director of PABV

Concern was raised about the potential costs of the National Care Service (NCS), based on past experience of public sector restructures such as police and fire. The team was asked for its view on risks in this area, and for clarity on the Commission's role in auditing social care funding and spending. Antony reassured members social care reform is a key focus of audit attention in the joint Commission /AGS work programme, including through the forthcoming IJB report – which will cover service performance and the policy context as well as finances – and the intention to audit implementation of the NCS at an appropriate point in the future. Antony agreed to share material being prepared on lessons learnt from previous audit work on police and fire reform once this becomes available.

Action: Executive Director of PABV

Members asked the team about how the Commission will monitor councils' financial sustainability. Antony referred to the new approach to overview reporting, including the council budget analysis blog and the Challenges, Risks and Opportunities report. The team was also asked how the Commission can ensure the figures that are used in its reports are credible, and consistent with other published information. Antony advised that the team regularly engage with the Scottish Government and COSLA regarding their interpretation of their budget analysis figures and how they are interpreted and reported by Audit Scotland in overview reports and other audit outputs.

After discussion, the Commission noted the briefing.

6. Work programme update – February 2024

The Commission considered an update by the Executive Director of Performance Audit and Best Value on the Work programme.

During discussion,

- Antony Clark and Mark Taylor outlined the process of adding products to the work programme. For the proposed joint briefing on care experienced children and young people, PABV had identified this as an area of interest through its ongoing work programmed development activity and had previously consulted the Commission and its Performance Audit Committee (PAC) in broad terms on proposed work in this area. The topic had also featured in the December 2023 strategic stocktake of the

joint Commission/AGS work programme. If approved by the Commission today, the scope of the briefing will be developed and presented to a future meeting of the Commission's performance audit committee (PAC).

- Regarding the spotlight report on homelessness, Antony explained that this choice of this topic had previously been agreed by the Commission when the new overview approach was discussed in October 2023. This report is intended as a 'test case' for a spotlight on a broad theme within a service delivery context and will be reflected on as part of a review of this year's overview reporting, once all outputs are complete.
- Members asked the team about allocation and management of people across the work programme, and monitoring of audit delivery against budgeted staff time, particularly in relation to the new overview outputs. Antony explained how this is managed and reviewed by Audit Scotland and confirmed he is confident about the proposed budgets for the overview products.
- The team was asked how cross-cutting issues such as public service reform, and legislative changes including on human rights and the UN Convention on the Rights of the Child, could be reflected in the Commission's work programme. Antony agreed that this an important area of focus and will work with the Commission Support Team on the best approach to keeping members informed and updated on key developments in these areas.

Action – Executive Director of PABV / Secretary

- Members also asked about taking a human rights perspective in audit work, with reference made to this approach being adopted in the Digital Exclusion performance audit. It was suggested that this could form part of the work programme discussion at the March Strategy Seminar. Antony added that audit teams are also increasingly incorporating the perspectives of people with lived experience in audit work.
- The team was asked about how the focus of audit work has evolved over time and whether this could be reflected on periodically, including possibly revisiting areas previously but no longer focused on. It was reported that Commission and AGS have made important changes to the nature and focus of their audit work in recent years through, for example the adoptions of a more dynamic work programme with a wider range of audit outputs (e.g. briefings, blogs, and Round Tables) alongside more traditional audit reports following the pandemic. The increased coverage of new policy areas such as Climate Change/Net Zero, Digital and equalities and human rights in the work programme was also noted as was the work that took place during the pandemic to revisit and refresh a range of previous audit outputs (e.g. guidance for Audit Committees) in the context of Covid-19. Mark agreed to take a look back at previous Commission products and produce some trend analysis.

Action – Audit Director, PABV

After discussion, the Commission:

- Noted the progress in delivering the work programme from September 2023 to January 2024.
- Noted the planned products up to May 2024.

- Agreed to the additions proposed to the programme.

7. Local Government policy update report

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

During discussion,

Members welcomed the new format of the report. It was agreed further detail on impact would be provided at the March Strategy Seminar as part of the communications and engagement strategy discussion.

Joanna Mansell (Communications adviser) agreed to hold a training session to assist members in amplifying the impact on social media channels.

Action – Communications Adviser

Following discussion, the Commission noted the report.

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 verbal update by the Chair providing an update on recent and upcoming activity, which included the following:

Thanked colleagues for the welcome and welcomed support so far from Audit Scotland colleagues and Scottish Government civil servants.

Discussed upcoming engagement included in the induction programme.

Discussed the upcoming Strategy Seminar agenda, circulated by the Secretary, and asked for any feedback to be sent via email.

Allan Campbell outlined the process for appointing a Deputy Chair. Allan agreed to email members after the meeting with more information.

Action – Secretary

Following discussion, the Commission noted the verbal update.

10. Controller of Audit's update report

The Commission considered a verbal update by the Controller of Audit on recent and upcoming activity, which included the following:

- Regular meetings with Accounts Commission members and introductory session with the new Chair, Jo Armstrong.
- Regular meeting with Sarah Gadsen, Chief Executive of the Improvement Service, to discuss recent Best Value reports and the potential of sharing emerging key themes.
- Attended John Cornett's keynote speech with guest Brian Roberts OBE, former CIPFA President and leading national expert on public financial management. It was agreed Helena would share lessons learnt from Northampton Council with members.

Action – Controller of Audit

- Noted the Best Value programme is progressing with four reports in the pipeline for the next four Commission meetings.
- Attended Local Government Sector meeting, discussing the current issues local authorities are facing.
- Led a deep dive at Audit Scotland Executive Team on financial sustainability in local authorities which will be presented at the next FAAC in February.
- The Annual Assurance and Risks Report – a summary of key risks and issues from across the 2022/23 audit work – will be brought to the March Strategy Seminar to support the discussion on the work programme and future Best Value themes.
- Following discussion, the Commission noted the verbal update.

Any other private business

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

11. Close of meeting

The meeting closed at 12.05.