

Minutes

Thursday 7 March 2024, 10.00am

Audit Scotland offices, 102 West Port, Edinburgh, and
online via Microsoft Teams
508th meeting of the Accounts Commission

Present:

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

In attendance:

Allan Campbell, Secretary to the Accounts Commission
Helena Gray, Controller of Audit
Angela L Pieri, Public Sector Audit Director – Scotland, Grant Thornton UK LLP (items 5 and 10)
Joanne E Brown, Partner, Audit – Public Sector, Grant Thornton UK LLP (items 5 and 10)
Joe Chapman, Policy Manager to the Accounts Commission (item 6)
Antony Clark, Executive Director of Performance Audit and Best Value (item 11)
Bernadette Milligan, Audit Manager, Performance Audit and Best Value (item 11)
Mark Taylor, Audit Director, Performance Audit and Best Value (item 11)
Jillian Matthew, Senior Manager, Performance Audit and Best Value (item 11)
David Love, Senior Auditor, Performance Audit and Best Value (item 11)
Gemma Diamond Director of Innovation & Transformation, Innovation and Quality (item 12)
Michelle Borland, Head of Organisational Improvement, Innovation and Quality (item 12)
Vicki Bibby, Chief Operating Officer (item 13)
Martin Walker, Director of Corporate Support, Corporate Services Group (item 14)
John Gilchrist, Manager, Audit Quality and Appointments (item 16)
Owen Smith, Senior Manager, Audit Quality and Appointments (item 16)

1. Apologies for absence

There were no apologies for absence noted.

2. Declaration of connections

There were no declarations of interest. The following connections were declared, none of which were sufficient to require the relevant member to recuse themselves but Christine Lester self-recused from items 5 and 10 as done at previous Commission meetings.

- Christine Lester – in relation to items 5 and 10 – previous Chair of Moray Integration Joint Board, up until she joined the Commission.
- Jennifer Henderson – in relation to item 11 – Chief Executive of a public body delivering digital services.
- Mike Neilson - in relation to item 11 – previously Digital Director with the Scottish Government, until 2016, and more recently carrying out consultancy work with the Scottish Government on digital issues.

3. Order of business

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

Items 8 to 17, as they required the Commission to consider confidential policy matters.

4. Minutes of meeting of 8 February 2024

The Commission considered a report by the Secretary presenting the minutes of the meeting of 8 February 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. Best Value in Moray Council

The Commission considered a report by the Controller of Audit on Best Value in Moray Council.

Following an introduction by the Controller of Audit – who also introduced the audit team from Grant Thornton – the discussion was structured according to the following themes:

Financial planning and use of reserves – including:

- the accuracy of the council's budgets and forecasts, including underspends
- clarity regarding level and use of available reserves
- approach to use of vacancy management as a source of savings
- council target of achieving balanced budget without use of reserves by Oct 2026.

Capital plan, borrowing and prioritisation – including:

- capital plan revised – £501m reduced to £354m; 70% financed through loans
- revenue cost of borrowing uncertain; capital and revenue reported separately
- issue of slippage in capital projects (not unique to Moray) and associated costs

- scope for learning from other large capital projects regarding achieving Best Value
- alignment of capital plan with council plan including prioritisation.

Strategic planning and transformation – including:

- progress with transformation programme – 8 of 14 projects currently not on track
- fall-back options if investment not feasible – use reserves or delay some activity
- assurance that the programme will deliver intended outputs and benefits, and whether projects are of the scale required achieve the necessary savings.

Leadership, capacity and development – including:

- the council's use of external support to help improve collaborative leadership
- 2024/25 budget agreed with cross-party collaboration
- recruitment & retention challenges, and risks relating to vacancies in key roles – finance team, and transformation lead; forthcoming retirement of Chief Executive
- issues regarding role and remit of Audit and Scrutiny Committee.

Other issues:

- Performance reporting – good at service level, limited at council-wide level, hindering assessment of progress against council plan; council yet to publish 2022/23 report; need for greater pace in reporting to enable action in areas with poorer performance.
- Climate change – measures of outputs, outcomes and performance; need to integrate climate change plan within the wider delivery and performance reporting frameworks.

After discussion, the Commission agreed to consider in private how to respond to the Controller of Audit's report.

6. 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,

- Allan Campbell provided an update on the UK Government's spring budget and outlined the Barnett consequential the Scottish Government would receive.
- Jennifer Henderson raised the issue relating to Reinforced Autoclaved Aerated Concrete (RAAC) in Aberdeen. Helena Gray confirmed this is being monitored through the current issues report that is presented to the Financial Audit and Assurance Committee (FAAC).
- The Commission discussed the Scottish Local Authorities Remuneration Committee (SLARC) report and confirmed it had been submitted to the Minister for review and a preliminary meeting would be arranged.

- Members highlighted paragraph 5 in the report and frustration regarding the use of partial, or isolated quotes from the Commission's work in public comment by others. However, members noted the Commission cannot influence how the reports are used other than consistent messaging and promotion which will be picked up at the upcoming strategy seminar.

Following discussion, the Commission noted the report.

7. Any other public business

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

8. Chair's update report

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

Following discussion, the Commission noted the update.

9. Controller of Audit's update report

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

- Helena Gray explained that six councils had yet to sign off on the 2022/23 annual audits and confirmed this would have implications for the remainder of the Year 1 Best Value reports. It was confirmed that the reports on Clackmannanshire and West Dunbartonshire are expected to be presented at the Commission's August meeting.
- A question was asked about the Commission's Strategic Alliance with the Improvement Service (IS). It was confirmed that the Joint Statement of Intent is to be re-signed by the new Chair of the Commission and the current Board Chair of IS, while the Commission Support Team are working tracking the actions that are planned for 2023/24.

Following discussion, the Commission noted the update.

10. Best Value in Moray Council

The Commission considered a report by the Controller of Audit on Best Value in Moray Council.

During discussion, the Commission agreed to make findings on the report and the themes are set out below:

- It was noted the Council has received six Best Value reports since 2006, all of which have emphasised the pace of improvement is too slow.

- Unidentified savings were highlighted as an area of concern for addressing the forecasted budget gap. It was also agreed the use of cash reserves to address the gap is unsustainable.
- To ensure its financial sustainability, the council must accelerate the transformation plans and demonstrate sustained evidence of this transformation. The Commission expects the council's Improvement Modernisation Programme to set out clear deliverables, deadlines and lines of accountability.
- Members discussed the Council's ambitious capital plan, much of which is planned to be financed through loans. The Commission advised it would like to see the capital and revenue plans more clearly integrated as a matter of urgency. Additionally, it was agreed the Council should demonstrate how it intends to prioritise its capital investment in line with the council plan.
- Members highlighted at the time of the Best Value report the Council had not yet published the annual performance report for 2022/23. It was agreed the Council must make improvements in the timeliness of performance reporting and agree an approach to self-evaluation to ensure it is meeting its statutory requirements.
- The Commission discussed the Council's long-standing issues with recruiting senior staff, particularly in finance as well as in the leadership of its transformation programme. Member's expressed concern of these capacity issues in being able to deliver its ambitious transformation plans at the required pace whilst improving everyday services.
- Lack of effective cross-party working has consistently been highlighted through the series of Best Value reports. The Commission acknowledged the steps taken by the Council to improve this, including implementing the use of external support. Further, it was noted that the Council's recent Budget for 2024-25 was agreed on a cross-party basis, and hope that these encouraging signs continue.
- The Commission noted that due to the time lag between the AAR and the Best Value, there has been some positive steps taken, though these haven't been subject to audit. It was noted the Council intends to bring its improvement actions together in a Best Value action plan, by April 2024.

It was agreed that the drafting of the findings would be delegated to the Chair and the Secretary on behalf of the Commission. Findings would then be circulated to all members for comment, with responsibility for final sign-off resting with the Chair.

11. Digital exclusion performance audit

The Commission considered a report by the Executive Director of PABV on the Digital exclusion performance audit.

Nichola Brown and Mike Neilson, as Commission sponsors, also gave their reflections on the draft report, highlighting the human rights-focused approach to the audit work.

During discussion,

- In relation to tracking non-digital forms of contact, Antony Clark confirmed this would be done through monitoring of the recommendations in the report.
- It was suggested that more statistics or information could be added to emphasise the particular impact of digital exclusion on rural communities.

Action – Executive Director PABV

- Members discussed the report not being explicit that Scotland is performing worse relative to the rest of the UK. Antony Clark and the team explained that Audit Scotland traditionally does not make UK comparisons.
- Antony Clark agreed to look at the inherent bias around digital service design, following a comment relating to digital exclusion worsening as the pace of digitalisation increases.

Action – Executive Director PABV

- There was discussion on the need for effective joint leadership, a clear action plan and greater pace and momentum in delivering on the ‘No One Left Behind’ approach, with the digital strategy leadership board having a key role. Antony Clark confirmed that the audit report makes clear the need for greater strategic planning and oversight.

After discussion, the Commission noted the following:

- Approved the draft report of Digital exclusion and agreed that the audit sponsors will finalise the report through discussions with the audit team and the Auditor General.
- Agreed the proposed publication arrangements.

12. Diversity, equality and inclusion strategy: proposals

The Commission considered a report by the Director of Innovation and Transformation on proposals for new Diversity, Equality and Inclusion (DEI) strategy.

During discussion, members were advised that the strategy seeks both to improve DEI internally to ensure the organisations better represent the population, and also to inform our external audit work.

After discussion, the Commission noted the report and agreed the proposals to integrate the next set of equality outcomes for the Accounts Commission and Audit Scotland into a wider DEI strategy (para 14).

13. Q3 corporate performance report

The Commission considered a report by the Chief Operating Officer on Audit Scotland’s Q3 corporate performance report.

During discussion,

Members welcomed the format and level of detail in the report.

Vicki Bibby advised the Audit Scotland budget had been approved as part of the overall Scottish Budget process. It was noted the SCPA scrutinised the potential budget ask and noted (without endorsing) the submission.

John Cornett provided an update on audit delivery, outlining the issues causing delays, which are a combination of audit capacity and audited body capacity. It was agreed John Cornett would provide a short update to members with more details.

Action – Executive Director, ASG

In relation to audit quality, it was confirmed the ICAEW quality review and staff survey results would feature in the Q4 update. Additionally, Vicki Bibby confirmed all the actions from previous quality reviews are on track to be completed.

After discussion, the Commission noted the report.

14. Accounts Commission, Auditor General for Scotland and Audit Scotland joint policies

The Commission considered a report by the Secretary on Accounts Commission, Auditor General for Scotland and Audit Scotland joint policies.

During discussion, it was confirmed the business continuity policy was included in the policies.

After discussion, the Commission noted the paper and approved the process set out in paragraphs 9 and 10 of the paper.

15. Deputy Chair

The Commission considered a report by the Chair on appointing a Deputy Chair.

During discussion, the Chair thanked all members for their interest in the position.

After discussion, the Commission:

- Agreed to nominate Andrew Burns for appointment as Deputy Chair.
- Noted the time commitment and job specification for the role of Deputy Chair.

16. Audit Appointment Changes

The Commission considered a report by the Director of Audit Quality and Appointments on audit appointment changes.

During discussion, John Gilchrist and Owen Smith provided an overview of the audit appointment process for the benefit of the new Chair and new Commission members.

After discussion, the Commission noted the report and approved the recommendations.

17. Any other private business

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

Close of meeting

The meeting closed at 12.05.