

Minutes

Thursday 13 June 2024, 09.30am

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

511th meeting of the Accounts Commission

Present:

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

Apologies:

Andrew Cowie
Angela Leitch

In attendance:

Helena Gray, Controller of Audit
Joe Chapman, Policy Manager
Antony Clark, Executive Director of Performance Audit and Best Value
Mark MacPherson, Audit Director, Performance Audit and Best Value
Gillian Simpson, Business Manager, Performance Audit and Best Value
Carol Calder, Audit Director, Performance Audit and Best Value (item 4)
Kathrine Sibbald, Senior Manager, Performance Audit and Best Value (item 4)
Zoe McGuire, Audit Manager, Performance Audit and Best Value (item 4)
Christopher Lewis, Senior Auditor, Performance Audit and Best Value (item 4)
Fiona Mitchell-Knight, Audit Director, Audit Services (item 5)
Blyth Deans, Audit Director, Performance Audit and Best Value (item 6)
Simon Ebbett, Communications Manager (item 9)
Martin Walker, Director of Corporate Support (item 11)

1. Apologies for absence

Apologies were noted for Andrew Cowie and Angela Leitch.

Christine Lester discussed the Commission's risk appetite to hold a public session after the agenda had been amended to a private only session due to the announcement of a general election. It was agreed this would be incorporated to the risk discussion at the September Strategy Seminar.

2. Declaration of connections

There were no declarations of interest.

3. Work Programme update – June 2024

The Commission considered a report by the Executive Director of Performance Audit and Best Value (PABV) providing an update on the Work Programme.

During discussion:

- Commission members and Audit Scotland colleagues thanked Mark Taylor and wished him well in retirement.
- It was agreed it was helpful for members to see the focus of the Auditor General's upcoming work as part of the Commission work programme updates.
- Commission members were content to approve receiving future audit scopes via correspondence following the cessation of Performance Audit Committee meetings.
- Members queried the performance audit outputs and how the Commission can be reassured the resources allocated are appropriate. Antony Clark advised the performance of teams is reported to the Audit Scotland Board and to the Commission via the Audit Scotland updates.
- It was agreed the scope of what is a blog, short audit or full audit will be discussed at the September strategy seminar.

Action – Executive Director PABV

- Members queried whether some of the work planned for the Auditor General, such as digital common platforms and the NHS & Social Care, might instead be joint audits as they are relevant to local government too. Antony Clark acknowledged the importance of the Scottish Government (SG) working closely with its various partners, in particular local government, in relation to digital and other matters. However, he reported that the planned focus of the AGS digital common platforms audit would be on how effectively the SG is investing in the digital architecture needed across the SG and its various departments, agencies and NDPBs to enable technology and data to form a central strand of the SG's public service reform agenda. In relation to NHS work he highlighted the Auditor General's specific responsibility for auditing the NHS in Scotland under the Public Finance and Accountability (Scotland) Act 2000 but highlighted the proposal to produce a joint report on community health and social care in place of the Commission-only IJBs report from 2025 which was to be discussed in the next agenda item. He noted that if this proposal were approved by the Commission, then the scope of this report could extend into commentary and judgement on relevant NHS-related issues by the AGS.

Following discussion, the Commission:

- noted the progress delivering the work programme from February to May 2024, and the planned products up to September 2024.
- agreed the changes proposed to the programme.

4. IJB finance and performance report 2024 - draft report

The Commission considered a report by the Executive Director of PABV on the IJB finance and performance report 2024 - draft report.

During discussion:

- The report sponsors, other Commission members and PABV colleagues agreed that the key messages and recommendations should be strengthened, reflecting more of the evidence and findings contained in the report – although because this is a Commission-only audit report (not a joint report with the AGS) the recommendations can only be specifically directed at local government.
- Members highlighted a need for clearer messaging around the need for a whole-system, preventative approach to reforming social care, and for the report to be clear not only about the extent of the issues raised but also what is needed to resolve them.
- Issues around IJB budgets were discussed, including the timing of budget-setting, reasons for underspends, and knock-on impacts on council (and NHS board) budgets; the role of primary care was also raised in discussion.
- Members welcomed the checklist of questions for IJB members produced alongside the report, which could help provide greater understanding of IJB members' role.
- Antony Clark advised that the report is expected to receive media coverage, and there is likely to be continuing engagement with various stakeholders after its publication; members suggested the report could be distributed through sector representative organisations to enable an even broader reach.

Following discussion, the Commission:

- Agreed to delegate to the sponsors, approval of required amendments resulting from its discussion and as a result of the updated core integration indicators data set.
- Approved publication of the three appended draft supplements with the report: stakeholder roundtable messages; checklist of questions for IJB members; performance summary of national outcome indicators.
- Agreed the communication strategy for the publication of the report.
- Agreed that this product becomes a joint report with the Auditor General from 2025.

5. Leadership of the development of new local strategic priorities

The Commission considered a draft briefing by the Controller of Audit on Leadership of the development of new local strategic priorities.

During discussion:

- Helena Gray explained the two sections at the end of the draft briefing will be turned into exhibits, which are likely to be a focus for councils and the Improvement Service.
- Helena said the briefing is consciously kept short, as shorter Best Value reports have been well received; a case study supplement had been considered but it was felt it would add little value due to the breadth of the issues.

- Helena explained that where the report refers to ‘many’ or ‘most’ councils, this is because it is based only on where auditors noted the relevant issue; Helena suggested that footnotes could be added to explain this.

Action – Controller of Audit

- Members discussed related issues including the extent to which council priorities relate to issues such as inequalities and climate change, and whether councils are making sufficient investment in developing good leaders. It was noted that these issues could be covered further in future Commission publications.

Following discussion, the Commission:

- Agreed the title of the briefing would be adapted to be in line with the draft blog.
- Agreed that Malcolm Bell would be the assigned author of the blog.
- Approved the proposed publication arrangements.

6. Commission approach to hearings

The Commission considered an update by the Policy Manager, Executive Director of PABV and the Controller of Audit on Commission approach to hearings.

During discussion:

- Helena Gray and Antony Clark provided an outline of the process of a Commission hearing and advised the issue of resources should not be a deciding factor in any decision to hold, or not hold, a hearing.
- It was agreed the paper provides a useful basis for assisting in future decisions however decisions should be made on a case-by-case basis.
- Members shared reflections and experiences on previous occasions when the Commission has held hearings, and the wider impact they had.
- Members discussed the Commission’s risk appetite in relation to hearings, and if not now, when they will be used, considering the wider landscape of public scrutiny.
- It was noted that the Commission has a range of other means of ‘enforcement’ and other engagement with local authorities.

Following discussion, the Commission:

- Agreed an ‘Intervention Strategy’ should be developed – later in 2024, involving the new Secretary – to assist in decision making when considering what action the Commission should take. This would include looking at exactly what powers the Commission has under relevant legislation.

Action – Policy Manager

7. 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:

- Helena Gray advised she had joined COSLA and Scottish Government officials for a discussion on the Accountability and Assurance framework for the Verity House Agreement. Helena advised COSLA of the Commission's upcoming revised SPI Direction and signposted the upcoming separate discussion with them as part of the ongoing informal consultation.
- Helena advised Commission members that the Annual Audits for Clackmannanshire and West Dunbartonshire remain outstanding. Both were due a Best Value report earlier this year and Helena remains in close contact with the auditors.
- An update was provided on the news that an employee of Aberdeen City Council has been prosecuted for fraud relating to Council Tax overpayments. Auditors were aware but the issue has been treated in the strictest of confidence up until now. The Aberdeen City Council Annual audit is due to be signed later this month and the expectation is that there will be a statutory report on the issue this Autumn.
- Helena provided an update on the Dargavel School accommodation report that will now be presented at the August Commission meeting. Helena advised the work has gone through the factual accuracy checks with the council and will be updated ahead of the August meeting to reflect an updated position where appropriate.
- Helena highlighted that local authorities in Scotland have a statutory duty to publish their unaudited accounts by 17th June and she would report back to members if any councils do not meet the deadline.

Following discussion, the Commission noted the update.

8. Chair's update report

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

- Jo Armstrong provided an update from the recent Best Value follow up meeting with Moray Council. The Chair asked the Controller of Audit to monitor the situation and progress and highlight to the Commission if the timeline for improvement slips.
- It was agreed the Strategy Seminar in September would provide an ideal opportunity to take a step back and re-evaluate the work programme with PABV colleagues.
- Jo noted that Shona Robison has assumed Ministerial responsibility for local government, and she is likely to attend a discussion with members in the autumn.

Following discussion, the Commission noted the update.

9. Accounts Commission Annual report – draft report

The Commission considered its draft Annual Report, presented by the Policy Manager and Communications Manager.

During discussion:

- Joe Chapman requested members respond with any changes to the members' bio section of the report by 21 June.
- It was agreed a link to what the Commission costs could be added to the report.

Following discussion, the Commission:

- Approved the draft Annual Report 2023-24, subject to amendments.
- Agreed to provide information for the 'Our members' section of the report by 21 June.
- Approved the proposed publication arrangements.

10. Commission meeting arrangements

The Commission considered a report by the Policy Manager on Commission meeting arrangements.

During discussion:

- A correction to the paper was noted, for the date of the February 2025 meeting – 6 February, rather than 8 February.
- It was noted that the Commission remains keen to continue to explore options for holding Commission meetings outside of Edinburgh and outside of the central belt.

Following discussion, the Commission:

- Approved the proposed schedule and arrangements for meetings of the Commission and its Strategy Seminars in 2025.

11. Audit Scotland update – Q4

The Commission considered a report by the Director of Corporate Support on the Audit Scotland update – Q4.

During discussion:

- Martin Walker advised it was expected audit delivery would be back on track by 2027, and that interim audit delivery targets were being met. It was agreed these interim targets would be shared with the Commission.

Action – Director of Corporate Support

- Martin Walker reassured the Commission that the focus was on audit quality rather than timeliness.
- Audit capacity in external firms was discussed and Martin Walker advised the AQA team, Auditor General for Scotland and the Chief Operating Officer of Audit Scotland are in discussions with firms around capacity and audit delivery. Additionally, it was noted there is a challenge around audited body's capacity.

Following discussion, the Commission noted the update.

12. Any other private business

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

Close of meeting

The meeting closed at 12.55.