

# Minutes and matters arising from previous meeting

Secretary to Accounts Commission

**Item 4**  
Meeting date: 10 October 2024

---

## Purpose

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

## Recommendations

2. The Commission is asked to:
  - Approve the attached draft minute of its previous meeting.
  - Consider any matters arising from the draft minute.

## Minutes

3. The minute of the previous meeting is in Appendix 1.
4. Members should note that the action tracker – available to members via SharePoint and shared with them monthly – provides updates on progress from previous meetings.

# Minutes

Thursday 12 September 2024, 10.00am

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

513<sup>th</sup> 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

Derek Yule

## In attendance:

Sarah Watters, Secretary to the Accounts Commission

Helena Gray, Controller of Audit

Sandy Denholm, Audit Manager, Deloitte (items 5 and 10)

Pat Kenny, Director, Deloitte (items 5 and 10)

Joe Chapman, Policy Manager to Accounts Commission (items 6 and 13)

Blyth Deans, Audit Director, PABV (item 11)

Derek Hoy, Senior Manager, PABV (item 11)

Lucy Jones, Audit Manager, PABV (item 11)

Lorna Munro, Senior Auditor, PABV (item 11)

Paul O'Brien, Director of Quality and Support (item 12)

Martin Walker, Director of Corporate Support (item 14)

## 1. Apologies for absence

There were no apologies for absence noted.

## 2. Declaration of connections

No other connections were declared.

## 3. Order of business

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

Items 9 to 15, for the reasons stated on the agenda.

#### 4. Minutes and matters arising from previous meetings

The Commission considered a report by Sarah Watters, Secretary to the Commission, presenting the minutes of the August meeting, including a summary of actions arising from the minutes. With no comments, the minutes were approved as a correct record.

#### 5. Best Value in Clackmannanshire Council

The Commission considered the Controller of Audit's report on Best Value in Clackmannanshire Council.

Following an introduction by Helena Gray, the discussion was structured according to the following themes:

- Finances – sustainability, including:
  - the financial sustainability of the council in the medium to long term
  - budget setting and the financial management process
  - the council's capacity to produce a medium-term financial strategy
- Finances – reserves, including:
  - whether reserves are sufficient to cover the council's share of IJB funding gap
  - previous reliance on reserves and non-recurring savings
  - evidence of reserve levels being replenished to previous levels
- Transformation, including:
  - the potential role for the development of shared services or other collaboration with partners to achieve transformation plan aims and/or efficiencies
  - the capacity and capability to deliver transformation at the pace required
- Workforce and leadership capacity, including:
  - capacity challenges in the finance team
  - capacity of the senior leadership team to achieve financial sustainability
  - the extent to which recruitment challenges are impacting delivery
  - the commitment of members to make difficult decisions to drive transformation
- Performance, including:
  - the extent to which the council is tracking its longer-term performance against its commitments in the community plan
- Community and partner engagement, including:
  - progress made collaborating with Community Planning partners, third sector and communities

Following discussion, the Commission agreed to decide in private how it wishes to respond to the report.

## 6. Local Government policy update report

The Commission considered a report by Joe Chapman, Policy Manager, providing an update on significant recent activity relating to local government.

During discussion,

- Christine sought assurance on the implications of recent spending reductions announced by the Finance Secretary in relation to IJBs this year. Joe confirmed this would be monitored with implications of the reductions likely to become clearer over the next month or so.
- Regarding plans to give the Scotland Office powers to spend directly in Scotland, clarity was sought around who would audit this. Joe confirmed it was within the remit of the National Audit Office (NAO) to audit how the Scotland Office spends its money. Helena explained that Commission audit work may consider how the UK funding complements a council's other spending particularly in relation to its priorities.
- Carol raised a related query about this funding replacing European Structural Funds and whether the volume of money was known and when councils would likely receive this. Joe confirmed the figures aren't available yet but would form part of the Scotland Office's budget.
- Jennifer raised the visitor levy plans, noting her interest in how the Commission could incorporate areas like this into their programme to assess value for money versus the cost of administering such schemes. Derek added that consideration also needs to be given to the differing impacts on councils depending on how much they are able to use any new revenue-raising powers.
- Mike noted the significance of the announcement by the Scottish Housing Regulator that ten councils either are suffering or are at heightened risk of suffering systemic failure in the services provided to people who are homeless. Jo also highlighted the need for the Commission's work to be joined up with the regulator on this issue.
- Funding associated with maintaining teacher numbers was also raised and confirmed as an area the Commission would be keeping under review.

Following discussion, the Commission noted the report.

## 7. Chair's update report

The Commission considered an update by Jo Armstrong on recent and upcoming activity.

During discussion,

- Jo highlighted her attendance at a private session of the Local Government, Housing and Planning Committee, noting the majority of the issues discussed by the committee were around the use of reserves, which is an area the Commission needs to maintain a focus on.

Following discussion, the Commission noted the update.

## 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. Controller of Audit's update report

The Commission considered a written and verbal update by Helena Gray, Controller of Audit, on recent and upcoming activity. During discussion:

- Helena highlighted the recently published National Fraud Initiative (NFI) report as an area for potential exploration on risk in the future. It was suggested there could be a link with the housing benefit audit. Members agreed in principle with this being a topic for discussion at a future members' forum, which Helena will discuss with Sarah.

### Action – Controller of Audit / Secretary

- Helena flagged the proposed timing of the Renfrewshire Council BV report and suggested a revised timeframe may be worth exploring to allow the council adequate time to respond to issues previously raised by the Commission. After discussion the Chair confirmed that the Commission was happy to take the professional advice of the Controller of Audit and approved a revised date of spring 2025. A confirmed date will be agreed and presented at the next Commission meeting.

Following discussion, the Commission noted the update.

## 10. Best Value in Clackmannanshire Council

The Commission considered its response to a report by the Controller of Audit on Best Value in Clackmannanshire Council.

Following discussion, the Commission agreed to make findings to be published on 26 September 2024; the drafting of those findings would be delegated to the Chair and the Secretary on behalf of the Commission and would then be circulated to all members for comment, with responsibility for final sign-off resting with the Chair.

In discussing what the findings should include, the following general points were raised:

- The Commission welcomed the progress made since the previous Best Value reports, particularly in relation to priority setting, performance management & scrutiny, budget development, community engagement, equalities and climate change.
- Members highlighted that while the council has a strong track record of delivering savings targets, it has also relied on one-off budget flexibilities and reserves to balance its budget. Members agreed that the council needs to develop a robust Medium Term Financial Strategy (MTFS) which should be linked to transformation plans and projects, workforce and digital strategies, and show how current funding challenges with the Health and Social Care Partnership will be addressed. Following discussion, it was agreed to set a timescale of the end of financial year 2024/25.

- The Commission discussed the steps the council has taken to develop its transformation programme and agreed that clarity is required in relation to allocation of resources and the benefits it expects to realise, and by when.
- Capacity, recruitment, resilience, leadership development and sickness absence were discussed by members as areas where the council is facing challenges. Members stressed the consideration of all options within transformation plans and projects including partnering arrangements, digital delivery, collaboration and shared services to ensure the future sustainability of service delivery.
- The Commission recognised the ongoing positive working relationships between elected members and officers and across political parties but noted that this should not come at the cost of effective scrutiny and challenge.
- Members discussed the declining comparative performance of Clackmannanshire Council's services, and the impact of capacity on progress in improvement actions in some service areas. Members agreed the council must be clearer on the action it is taking to tackle poor performance and the impact it expects from these actions.
- The council's approach to engaging the local community was highlighted, and members praised the alignment of the council's annual priorities to the community planning partnership's local outcome improvement plan (LOIP), underpinned by a performance management framework. However, there was a desire by the Commission to see the impact on outcomes of these plans and strategies.

## 11. Sector-led transformation in councils: draft briefing

The Commission considered a draft of the report on Sector-led transformation in councils.

Blyth Deans introduced the draft report, summarising the new overview reporting programme which will be reviewed and refined for 2025. Blyth acknowledged the potential to further refine the messaging in the report including the connection between the need for transformation and the current financial challenges facing councils.

Blyth also agreed to share with members a draft set of principles for transformation. Members agreed that these should be included in the final version of the report as it is important to be clear on what is meant by transformation.

**Action: Audit Director, PABV**

During discussion, the Commission noted they were generally happy with the content of the report, subject to the below observations / requests for amendment:

- It was felt the report was missing any reference to previous work / examples, and that an acknowledgment of this work in the introduction would be welcome. Members and the audit team discussed previous collections of examples, but also a desire to shift the focus from smaller-scale change projects towards larger-scale transformation.
- The Commission discussed the extent of the work being done as part of the national transformation programme. The audit team and sponsors explained the desire to acknowledge that some work is being done whilst recognising the limitations and

scale of this and emphasising that councils should not rely solely on the national programme to achieve the necessary transformation.

- It was queried whether the expectations of the Commission were achievable in a 12-month window, with a risk of local authorities being reluctant to commit to something they don't believe to be achievable. The audit team recognised the timeframe was challenging but believe that is needed to drive progress, and explained that what is being sought in the short term is agreement on a desired end state to work towards, rather than the achievement of that end state. The audit team agreed to review this section to ensure this is sufficiently clear.
- The Commission highlighted the need to be mindful of the tone used in the report recognising that transformation has been going on for decades, whilst not diluting the scale and pace with which transformation now has to occur. The need to recognise and provide scope for local flexibility was also noted. The audit team will explore this and reflect in the wording used.
- The importance of all community planning partners working together, and not just councils, was highlighted with a request made to the audit team to consider making this more prominent in the paper. Members also discussed the need for local government transformation to link to the Scottish Government's public service reform programme, and the link between recent actions in some policy areas and the extent of progress in implementing the Verity House Agreement.

Following discussion, the Commission approved the content of the draft report, subject consideration of the to the amendments identified, which will be shared with the audit sponsors for approval.

## 12. Guidance on planning 2024/25 audits

The Commission considered a report by Paul O'Brien on Guidance on planning 2024/25 audits.

During discussion,

- The Commission sought assurance that the Best Value section of the guidance adequately covered the desired scope of the thematic work and wasn't likely to cause concern to auditors. Paul explained there can be challenges in carrying out the work within 40 days but advised that no one had flagged the ask as being unreasonable.
- Paul provided clarity around the discretion provided in the guidance in relation to audit fees, which is intended to provide necessary flexibility to respond to local issues or particular circumstances that arise, which cannot be provided for in the expected fee set by AQA.
- The Commission discussed the arrangements in place for reflecting and managing audit risks, and for auditing best value, including in relation to IJBs. Paul explained that the guidance is intended to help auditors to plan their approach to annual audit work across all sectors, so must be broadly applicable.
- It was noted that coverage of IJBs in audit work was a matter for the Commission to discuss in relation to its work programme. Helena highlighted her powers under

section 102 to report to the Commission on any significant concerns arising from annual audit work, and agreed to consider how to provide clarity to the Commission on the arrangements that exist for auditing IJBs including in relation to best value.

Following discussion,

- The Commission approved the Guidance on planning 2024/25 audits to be issued for consultation.
- The Commission agreed to delegate to the Chair authority to approve publication of the final guidance.
- The Chair agreed a further discussion on IJBs at a future Commission meeting would be appropriate.

### **13. Statutory Performance Information Direction: draft Direction**

The Commission considered a report on the Statutory Performance Information Direction: draft Direction.

During discussion,

- Sarah thanked the working group and highlighted that the draft Direction sees a move from two indicators that are quite vague in nature to four themes which councils' performance information would be required to cover.
- Members agreed that the guidance was in a good place with assurance that an additional level of guidance was being developed to support the audit teams.
- It was noted that some of the proposed consultation questions weren't as clear as they could be, and the team may benefit from using the Scottish Government consultation question development guidance to assist.
- It was agreed the short life working group for the SPI Direction would meet to discuss any amendments in the coming weeks.

Following discussion and feedback on the draft Direction and the proposed questions, the Commission approved the draft Direction to be issued for consultation.

### **14. Q1 Corporate performance report**

The Commission considered the Audit Scotland Q1 Corporate performance report.

During discussion,

- The Chair reminded members of the financial environment the public sector is currently operating in and the potential implications for the Commission's budget.
- Members noted that the completion rates for the 2023/24 audit year will be reported in the Q2 performance report. Martin highlighted that there remains work to be done to recover audit completion timelines but progress on last year has been positive.



- Martin highlighted that the figures presented in the slides for non-pay expenditure were incorrect, and agreed to circulate a revised version to members after the meeting. Members also requested further narrative around the figures presented in reports relating to Accounts Commission non-pay expenditure.

**Action – Director of Corporate Services**

- It was noted that the budget development process has commenced with a discussion to be arranged with a Commission sub-group before this comes back to the November Commission meeting for approval.

Following discussion, the Commission noted the report.

## **15. Any other private business**

The Chair raised one item of other business:

- In relation to the Audit Scotland (and Accounts Commission) Budget setting process for 25/26, the Chair noted the intention is to replicate the working group that was in place last year for this process. The Chair confirmed this would include herself, Andrew, Derek and Jennifer.

## **Close of meeting**

The meeting closed at 14.30.