

# Minutes and matters arising from previous meeting

Secretary to Accounts Commission

**Item 4**  
Meeting date: 12 December 2024

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## 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 7 November 2024, 10.00am

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

515<sup>th</sup> meeting of the Accounts Commission

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## 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

Helena Gray, Controller of Audit

John Boyd, Audit Director, Audit Services Group (ASG)

Stephanie Harold, Senior Audit Manager

Joe Chapman, Policy Manager to the Accounts Commission

Vicki Bibby, Chief Operating Officer

Stephen Boyle, Auditor General for Scotland (items 13 and 14)

Alison Cumming, Executive Director of PABV

Kathrine Sibbald, Senior Manager, PABV

Zoe McGuire, Audit Manager, PABV

Blyth Deans, Audit Director, PABV

Martin McLauchlan, Senior Manager, PABV

Cornilius Chikwama, Audit Director, PABV

Dharshi Santhakumaran, Senior Manager, PABV

Ashleigh Madjitey, Audit Manager, PABV

Owen Smith, Director of Audit Quality and Appointments

Jennifer Doolan, Senior Auditor

## 1. Apologies for absence

There were no apologies for absence noted.

## 2. Declaration of connections

Sarah Watters declared a connection with Item 5 and 6 as a former employee of Scottish Borders Council.

Jennifer Henderson and Carol Evans declared connections in relation to Item 17 as a Chief Executive and Board Member of audited bodies respectively.

It was agreed these connections did not preclude Sarah, Jennifer or Carol from participating in discussions.

No other connections were declared.

## 3. Order of business

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

Items 9 to 19, for the reasons stated on the agenda.

## 4. Minutes and matters arising from previous meetings

The Commission considered a report by Sarah Watters, Secretary, presenting the minutes of the meetings of November's meeting including a summary of actions arising from the minutes.

- Christine Lester raised a query in relation to member appraisals, suggesting they should be referred to as development discussions. Jo Armstrong referred to Accounts Commission appointment letters from Scottish Government which states that Performance Appraisals should take place annually.
- Sarah Watters advised the Aberdeen City Council Section 102 will be presented to the Commission in December and the Renfrewshire Council Best Value will be in Spring 2025.
- Sarah Watters advised members on Item 9, she and Alison Cumming will be meeting with Sarah Gadsden to discuss the approach the Commission agreed in relation to future joint working. Sarah advised that proposals would need to be taken to the Improvement Service Board in December for its consideration.

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

## 5. Best Value report: Scottish Borders Council

The Commission considered the Controller of Audit's report on Best Value in Scottish Borders Council. Following an introduction by Helena Gray, the discussion was structured according to the following themes:

- Financial sustainability, including:
  - Track record, progress and future plans for achieving recurring savings

- Financial risks including around borrowing, IJB and arms-length bodies
- Change Fund – how it will be maintained and replenished; timescales
- Transformation, including:
  - Success of previous programme, impacts and lessons learned
  - Expected benefits and how they will be realised and measured
  - Current and potential future use of shared-services approaches
  - Role of transformation in meeting future budget gaps
- Performance reporting, including:
  - Understanding council’s relative performance against LGBF indicators
  - Actions taken to address areas of relatively poor performance
  - Culture of continuous improvement and use of self-evaluation
  - Linkage between performance indicators/measures and council plan
- Workforce planning, including:
  - When and how the council will define its future workforce requirements
  - Sharing of good practice (such as ‘Grow Your Own’) with other councils
  - Review of productivity impact of hybrid working and actions taken
  - Monitoring the impact of efficiencies on capacity in corporate services
  - Actions to support recruitment and retention including provision of accommodation
- Community engagement, including:
  - New community engagement strategy – leadership, evaluation and review
  - Council’s work on place-making – taking forward local place plans
  - Ensuring breadth and depth of engagement across the council area
  - Engagement regarding council budget including surveys and events
- Other issues, including:
  - Management of cyber security risks – controls; Cyber Essentials accreditation
  - Members’ general praise for the council on the positive report

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.

Joe gave an update on the key points from the UK Budget, including regarding the impact of the increase in employer National Insurance contributions, the expected Barnett consequential, and decisions about levelling up funding in Scotland.

Joe also advised that the Scottish Government has opened a consultation on 'a future vision for foster care'. However, as with the consultation on 'a definition of care experience' that is covered in the report, the Secretary had agreed with Audit Scotland colleagues that no response will be submitted as no relevant audit work has been carried out.

During discussion:

- Carol Evans pointed out the differential impact of the national insurance changes between the public sector and private or third-sector providers of public services, with compensation being given only to public bodies. Members agreed that this is an area of concern given the financial pressures already facing social care providers.
- Derek Yule referred to the evidence to the Local Government, Housing and Planning Committee regarding reserves, and highlighted that this issue should be covered in detail in the forthcoming Financial bulletin.

Following discussion, the Commission noted the report.

## 7. Chair's update report

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

During discussion,

- Jo Armstrong gave an update regarding her recent engagement with COSLA including around the Verity House Agreement, and with Solace and the Improvement Service in relation to local government transformation.
- Jo Armstrong also highlighted an event taking place in November with the three Ayrshire councils regarding transformation, collaboration and shared services, as well as engagement with council Directors of Finance.

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, which included the following:

- Helena Gray highlighted that the Renfrewshire Council Annual Audit Report (AAR) is now available to members and gave an update on the coverage within the AAR of issues relating to additional costs due to Dargavel.

Following discussion, the Commission noted the update.

## 10. Best Value report: Scottish Borders Council

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

Following discussion, the Commission agreed to make findings to be published on 28 November 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 acknowledged the council's response to the recommendations in previous Best Value reports, and its commitment to continuous improvement, with a clear vision and strategic priorities linked to local needs.
- The Commission was impressed by the council's strong approach to financial management, with a strong track record of delivering planned savings – including recurring savings, which the council must continue to focus on.
- The council's financial strategy risk register was recognised as an area of good practice that should be shared with others.
- The 'Fit for 2024' transformation programme was delivered successfully, with a new programme 'SBC Way' underway – supported by a 'self-replenishing' change fund, which the Commission will watch with interest.
- The Commission urges the council to strengthen its reporting on its transformation programme milestones and expected benefits, as well as its engagement with communities on its transformation agenda.
- The council demonstrates a willingness to work with other councils and partner organisations, locally and further afield – the Commission encourages the council to continue with this approach in order to achieve its target outcomes and realise the required savings.
- The council should strengthen its use of the Local Government Benchmarking Framework and report more clearly on improvement actions.
- The Commission recognises the range of initiatives to tackle workforce issues, and encourages the council to share this good practice. However, the council needs to

ensure closer links between its workforce, financial and council plans, and develop performance metrics to measure the impact of its actions.

- The Commission will take an interest in how the council is assessing the impact of its new Community Engagement Strategy, including evidence of effective leadership and how the principles are being embedded across the council.

## 11. Accounts Commission 2025/26 budget proposal

The Commission considered a paper by Vicki Bibby, Chief Operating Officer, regarding the proposed 2025/26 Accounts Commission Budget.

Vicki Bibby introduced the paper, summarising the considerations, engagement with the Commission sub-group and discussion with the Scottish Commission for Public Audit (SCPA), and explaining the year-to-year changes. Vicki Bibby also explained that staff costs were likely to increase due to the National Insurance changes in the UK Budget, but Audit Scotland expects to receive corresponding funding.

During discussion:

- Members discussed matters relating to travel time and expenses. Vicki Bibby clarified that the granular detail of these costs is not part of the budget submission to the SCPA.
- Jo Armstrong confirmed that the proposed budget reflects the current intention for the Commission to trial new meeting arrangements and other engagement activity.
- Members discussed expenses and subsequent tax implications. It was agreed Stuart Dennis would follow up on this with members.

### **Action – Corporate Finance Manager**

Following discussion, the Commission:

- Noted the engagement process in relation to the Accounts Commission and Audit Scotland budget proposals for 2025/26
- Noted the current position in respect of the draft Audit Scotland 2025/26 budget proposal
- Agreed the Accounts Commission and Support budget for 2025/26.

## 12. Chief Operating Officer update

The Commission considered a verbal update by Vicki Bibby, Chief Operating Officer.

The update included:

- Reflection on the recent very positive Audit Planning Conference, including discussion about the complexity of local authority accounts and comparison between English and Scottish audit structures and the ambition to simplify Local Government accounts.

Stephen Boyle provided reassurance that the Scottish Government supportive of the direction of travel to simply accounts.

- Update on the progress of the 2022/23 audits of East Dunbartonshire Council and West Dunbartonshire Council, and the likely impact on the 2023/24 audits. Vicki Bibby advised it is her intention to meet with auditors and council representatives in January to discuss 2024/25 audits, with an emphasis on partnership working moving forward.
- The upcoming meeting between the Commission and the Audit Scotland Board, in December, focusing on planning for the next Code of Audit Practice and the next audit procurement round.
- Confirmation that the renovation works in Audit Scotland's offices in Glasgow and Edinburgh are almost complete.

Following discussion, the Commission noted the update.

### **13. Auditor General update**

The Commission considered a verbal update by Stephen Boyle, Auditor General for Scotland.

During discussion:

- The issue of 'whole system' thinking and multi-agency working was discussed, including the complexity and how well current approaches to audit can capture this. Stephen Boyle advised he is keen to explore how to best reflect the overall experience of living and using services in a particular area, and that an incremental approach may be needed in order to be achievable and manageable. He also said he is satisfied that current arrangements in terms of the shared Code of Audit Practice and shared work programme support the management of audit priorities.
- Members asked about public service reform and whether current funding arrangements achieved the best value for money. Stephen Boyle referred to his upcoming report on reform and fiscal sustainability, and the potential role of a future spending review. There was also discussion about the importance of the role of the Commission and its reporting in relation to scrutinising, supporting and communicating about public service reform.
- Stephen Boyle provided an update on his upcoming work programme and discussed the role of audit and how it can assist in a move to preventative spending rather than reactive.

Following discussion, the Commission noted the update, and the Chair thanked the Auditor General.



## 14. Proposed approach to community health and social care reporting

The Commission considered a paper by Alison Cumming, Executive Director of Performance Audit and Best Value (PABV), on proposals for reporting in 2025 on finances, performance and thematic issues in community health and social care.

During discussion,

- Members agreed with the approach of producing 2 outputs (one from the Commission only and one jointly with the Auditor General), commenting that separating out the different aspects of reporting as proposed was helpful. Members also asked about incorporating lessons learned from previous reports about community health and social care, and whether particular authorities would be highlighted as positive or negative as part of the data output.
- Members asked about the different configuration of Integration Joint Boards (IJBs) in terms of which services they are responsible for. The audit team confirmed that performance reporting will focus on adult social care services, for consistency.
- Kathrine Sibbald advised that the joint report will allow fuller coverage of the flow of people and resources through the whole system, and others agreed that carrying out a joint audit with the Auditor General offers strong potential to take a whole-system view and produce an impactful output.
- On delayed discharges, members asked about the resource and performance implications of delayed discharges, and putting a focus on preventative measures to help people avoid being admitted to hospital in the first place. Angela Leitch, as one of the sponsors, explained that the focus on delayed discharges could be a means of addressing many of the related factors that have been raised in this and other discussions.
- Jennifer Henderson highlighted the role of unpaid carers in supporting the system and suggested that this is considered as part of the scope.
- Carol Evans asked that, given the risks facing Scotland, climate change and carbon reduction actions and initiatives being undertaken by Councils and IJBs be considered as part of the scope of the work.

Following discussion, the Commission:

- Agreed the proposal for reporting on the financial health of IJBs as a data output and accompanying blog
- Approved the outline scope for the financial product and agreed to delegate the final sign-off of the scope documents to the sponsors
- Agreed the proposal for reporting on performance and outcome information in a performance data output
- Agreed the proposal to undertake a joint performance audit to consider in detail the issue of delayed discharges
- Noted that the scope and Issues and investigation matrix for the performance and thematic work will be brought to a future Commission meeting for its agreement

## 15. Proposed approach to local government overview reporting

The Commission considered a paper by Alison Cumming, Executive Director of Performance Audit and Best Value (PABV), on proposals for the next iteration of the Commission's multi-output approach to local government overview reporting.

During discussion:

- Carol Evans asked about the approach to reporting on transformation and the potential for overlap between the spotlight report and the Commission's other reporting. Blyth Deans acknowledged the need to weave transformation through the overview programme and noted the Best Value thematic work on transformation to be carried out as part of the 2024/25 audits, with a national report due in 2026.
- Mike Neilson asked about ensuring the analysis of budgets including the Scottish budget is as up to date as possible. Alison Cumming explained that an internal analysis of the Scottish budget will be produced and agreed that this should be completed as early as possible. However, Derek Yule referred to timescales for briefings and reporting, and that it can be better to focus on individual council budgets rather than the initial announcement of the local government settlement as a whole.
- Members discussed the issues of delays and inconsistencies in audited accounts and other information from councils. Alison Cumming noted that the audit team preparing the financial bulletin were experiencing significant issues with the timely receipt and quality of data returns requested from auditors and local authorities, and the impact of these issues would be discussed further with sponsors.
- Members suggested the scope for the spotlight report should come to the Commission for approval. Blyth Deans advised that the team would consider this including the means and timing for doing so, potentially via correspondence, noting that it may slightly delay the audit process. Christine Lester suggested libraries as a possible service focus for the spotlight report.
- Andrew Burns highlighted that he and other members could make more use of the available sources of information, particularly if members were prompted to view documents when they are added to the Commission SharePoint site. Christine Lester added that members and colleagues could make more use of Teams for communication between meetings.
- Derek Yule asked for clarification on the definition of short, medium and long terms. Martin McLauchlan confirmed that the audit team consider short term as up to 3 years, medium term as 3-5 years, and long term as more than 5 years. Martin McLauchlan added that audit work finds many long-term financial plans don't have detailed forecasts, so more focus is placed on medium-term plans. The team has consulted with Directors of Finance and asked them about their financial plans.
- Blyth Deans confirmed that Derek Yule and Mike Neilson will be sponsors for the Financial bulletin and Council budgets briefing, with sponsors to be confirmed for the spotlight report, dependent on the subject matter and member availability. Jo Armstrong as Chair will have an oversight role across all overview products. Monthly

meetings of overview sponsors are also to be arranged, subject to members' availability.

Following discussion, the Commission:

- endorsed the revised local government overview reporting programme as outlined in the paper
- approved the proposed scope of work and governance arrangements for the programme of work as described in appendices 1 and 2 of the report.
- approved the draft Local government in Scotland flyer (appendix 3) to be published online
- noted that it was previously agreed that there would be a wider review of the approach to local government overview reporting in 2025.

## **16. Sustainable transport performance audit: draft report**

The Commission considered the draft performance audit report on 'Sustainable transport – reducing car use', and the publication and Committee arrangements.

During discussion:

- Alison Cumming provided an update on the Scottish Government 'roadmap' on sustainable transport, which is now due in the new year in the form of a joint roadmap with COSLA. Alison noted that this is now after the performance audit report is to be published, but that the audit team understands there are no significant changes and therefore no material impact on audit conclusions.
- The team was asked whether the Scottish Government and other public bodies have reduced their own car miles, to lead by example. The team has seen some evidence of practice being embedded within the public sector, for example a climate change strategy within the NHS, and the roadmap sets out future targets.
- Mike Neilson suggested that the first recommendation on alignment with carbon budgeting should more clearly draw out the contribution that the target is expected to make to achievement of the statutory carbon emission targets.
- Members discussed whether the events referenced in paragraph 26 could be said to have contributed to delays in making progress, as they are all recent. The sponsors also reflected on potential mixed messages from different levels of government. Members emphasised the significance of the report findings on a lack of leadership.
- Members also discussed the obstacles and lack of incentives for people to switch from cars to public transport, particularly compared to other countries. The audit team explained that policymakers are aware of obstacles, some of which are outside of their control, as well as cultural and behavioural aspects.
- Andy Cowie raised the issue of rurality, and the challenges associated with it. Specifically, under employment and the requirement to have private transport to travel to lower paid jobs due to public transport challenges.

- The potential for removing the need for travel, for example through more remote working, was also discussed, specifically the funding for the roll out of superfast broadband. Related to this, the audit team advised the report reflects the consequences of having several separate funding allocations – thus its messages could also apply in other areas.
- Jo Armstrong queried whether the value-for-money aspects could be brought out more clearly in the report. Alison Cumming explained that there is appetite for value-for-money work on transport, but this would need to be discussed with the Auditor General.
- The timing and potential impact and influence of this report was raised, in light of the delay to the roadmap. Alison Cumming explained that the audit team has already engaged with the Scottish Government and Transport Scotland, with further contact to follow as part of the established clearance process.

Following discussion, the Commission approved the draft report and agreed the publication and parliamentary arrangements as set out in the cover paper.

## **17. Audit quality interim report 2024**

The Commission considered a report from Owen Smith, Director of Audit Quality and Appointments (AQA), presenting the results of AQA's work from 1 April 2024 to 1 October 2024 to monitor and review audit quality as required by Audit Scotland's Audit Quality Framework (AQF).

During discussion:

- Members queried audit delivery, with local government shown to be the sector with the lowest rate of accounts being signed off by the target date and queried the reference to prioritisation of audits. Owen Smith explained that local government accounts are the most complex, with valuation and pension funds adding further complexity, and that the reference to prioritisation is around focusing resources to deliver audits in line with strategic and other requirements.
- Derek Yule asked about the level of consistency between different auditors of the same bodies or on the same issues, when auditors are rotated. Owen Smith explained that rotating auditors is good practice and is a strength of the system, but that there are sometimes differences of approaches between Audit Scotland and firms, especially regarding valuations, which are managed closely by AQA.
- Following discussion, the Commission noted the contents of the interim report and that a further report on 2023/24 audit work will be brought to the Commission in June 2025.

## **18. Audit Quality Framework**

The Commission considered a draft of Audit Scotland's new Audit Quality Framework (AQF).

During discussion:

- Mike Neilson asked about the balance between assessment of the quality of Best Value reports and the quality of performance audit reports. Owen clarified that Best Value Assurance Reports have been removed as they are no longer produced, with other changes to reflect the integrated approach to financial and best value audit. As BV is now integrated into the financial audit it will be captured in both internal and external quality reports on the annual audit. It was suggested that this could be addressed more explicitly in the framework, to explain the change of approach and its implications, and to avoid a sense of Best Value having been ‘dropped’ or removed.
- Carol Evans asked about the change from the ‘3 lines of assurance’ model to using FRC headings and queried the audit quality indicators 6-9 which appeared to be repetitive. Owen Smith explained the rationale for the change and gave reassurance about the ‘read-across’ from the old to the new model. Owen Smith also explained that indicators 6-9 cover internal reviews and external reviews separately.

Following discussion, the Commission:

- noted that under the Partnership Working Framework, the AQF requires to be jointly approved by the Auditor General for Scotland, the Accounts Commission and Audit Scotland’s Board
- approved the draft AQF subject to consideration of any substantive points made
- gave the Chair of the Commission the authority to approve the AQF at Audit Scotland’s Board on 26 November 2024.

## **19. Any other private business**

Jo Armstrong discussed with members that the accounts Commission meetings for January and February would take place online only. Members agreed with the reasoning behind this and welcomed the opportunity to look at holding meetings outside of the central belt to demonstrate the Commission’s commitment to the whole of Scotland.

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

### **Close of meeting**

The meeting closed at 15.45.