

Minutes

Thursday 10 April 2025 10.00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
520th meeting of the Accounts Commission

Present:

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

In attendance:

Sarah Watters - Secretary to the Accounts Commission
Helena Gray - Controller of Audit
Vicki Bibby - Chief Operating Officer
Alison Cumming - Executive Director of Performance Audit and Best Value (PABV)
Claire Gardiner - Audit Director (Items 5 & 11)
Joe Chapman - Policy Manager (Item 6)
Kenneth Lawrie - Chair of LGBF Board, and Chief Executive of Falkirk Council (Item 8)
Emily Lynch - Programme Manager, Improvement Service, and LGBF lead (Item 8)
Carol Calder - Audit Director, PABV (Item 12)
Kathrine Sibbald - Senior Manager, PABV (Item 12)

1. Apologies for absence

Apologies had been received from Jennifer Henderson.

2. Declarations

Helena Gray declared an interest as a property owner in the Highland Council area, as is recorded in her register of interests. The audit team and Deputy Ethics Partner are aware, and it has been agreed that she does not need to recuse herself.

Derek Yule declared a connection as a former Deputy Chief Executive and Director of Finance at Highland Council. He left the council over five years ago and it was agreed he does not need to recuse himself.

Andrew Cowie declared an interest as a resident of Highland Council.

3. Order of business

It was agreed that items 10 to 15 would be considered in private, 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 and a summary of the matters arising from March's meeting.

In relation to per-capita metrics in financial analysis reports, Sarah updated that the Policy Manager is liaising with Performance Audit and Best Value (PABV) colleagues, and this is still in progress.

Sarah also advised that work is still underway to secure a follow up Best Value visit with Argyll and Bute Council, with the Easter break creating challenges for diaries.

Finally, Sarah assured members that she is working with HR colleagues regarding the use of iTrent to capture details. A reminder and link will be shared with members during the week following the meeting and members will be asked to log their diversity and equality information.

Action: Secretary and Commission Members

5. Best Value in The Highland Council

The Commission considered the Controller of Audit's report on Best Value in The Highland Council. The discussion was structured according to the following themes:

- Finances, including:
 - Factors contributing to the reduction in the budget gap to £13 million by 2027/28, including the council's approach to increases in Council Tax, service redesign, and savings
 - The council's reserves strategy for the general fund, the level of reserves held, and the three main earmarked funds: for specific requirements such as grants, for investment and transformation, and for supporting cashflow.
 - The affordability and sustainability of the Highland Investment Plan, and the council's relatively high level of borrowing as a percentage of net revenue – 11.6% compared to the Scottish average of just under 6%. Auditors are comfortable that

borrowing levels are within authorised limits and treasury management strategy parameters.

- Risks of overspends in adult social care, mainly owned by NHS Highland which delivers the services through the ‘lead agency’ model, but also impacting on the Council’s finances as it provides funding.
- Concerns over finance team capacity, which have now been addressed. The finance team have recruited to sufficient capacity levels, in line with ‘Grow Your Own’ targets.
- Workforce, including:
 - The People and Workforce strategy, and the council’s commitment to develop specific performance indicators as part of service workforce plans, by September 2025.
 - Concern over a delay in the hybrid working policy, which was originally drafted in October 2023 and due to Council in May 2025. The council will gather data to create baseline statistics and produce a report by May.
 - The lack of data on temporary and agency staff, which is not reported on a council wide basis, however staff spend (including on agency staff) is tracked by service via finance reports.
 - Encouraging staff survey engagement survey response rates and priority actions arising from it, and the extent to which the council is learning from others regarding workforce innovation.
- Transformation, including:
 - Substantial reserves allocated to support transformation. Auditors have recommended digital improvements in particular.
 - Four key areas for transformation: changes to the operational model; asset review; efficiencies in service; and income generation.
 - The council’s work to deliver recurring savings demonstrating their commitment to the transformation agenda, which next year’s Best Value thematic report will look at in more detail.
 - The decision in 2020 to bring IT services back ‘in-house’, aimed at reducing costs, and increasing flexibility for change, and the need to assess if benefits are being realised
- Leadership, including:
 - Ongoing leadership development for elected members, with a survey in 2022 used to shape the induction programme.
 - Member-officer relations, with a strong, respectful relationship and strong and effective challenge and support.
- Performance, including:
 - An improvement over time in performance against 54% of Local Government Benchmarking Framework (LGBF) indicators since the base year, but a decline in comparative performance – from 50% of indicators in the top 2 quartiles to 42%, with below-average performance compared to the council’s family groups.
 - The council chooses which indicators to prioritise reporting against based on their priorities and actively uses KPIs to measure performance and report to members regularly.

- Community engagement, including:
 - Positive improvements in this area, with the council having taken the recommendations from the last report on board.
 - A review of area committees resulting in the merging of two areas, and the need for place plans for each committee area, setting out shared priorities and helping to target funding.
 - The council's aim to become a 'listening' council, with a plan to survey communities to address their needs, and establishment of a citizens' panel of over 2,000 members. The council has also agreed a large number of community asset transfers.

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, the following points were raised:

- Consideration of how the Commission engages with COSLA regarding a Spokesperson's recent comments on public perception of Best Value. Keen to understand if this was an individual's view, or the view of COSLA as an organisation.
- Clarification that the Scottish Government's policy of no compulsory redundancies has not expired but was linked to pay deals for 2024/25.

Following discussion, the Commission noted the report.

7. Chair's update

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

During the discussion, Jo highlighted the following:

- A constructive conversation took place during the Commission's Best Value follow up visit to Fife Council.
- The Chair's blog on Council Tax was published, and the Cabinet Secretary gave positive feedback on this.
- To mark Jo's first anniversary, Audit Scotland has arranged an event, 'In conversation with Jo Armstrong'. Members are encouraged to register to attend in person or online, alongside staff. Sarah will share the link to the event with members.

Action: Secretary to the Commission

Following discussion, the Commission noted the update.

8. LGBF National Benchmarking Overview Report

Kenneth Lawrie and Emily Lynch joined the meeting.

The Commission considered a report which asked the Commission to review the contents of the National Benchmarking Overview Report 2023/24 and consider the implications for its work programme, particularly in relation to their commentary on council performance, and in the context of the Commission's recently published Statutory Performance Information (SPI) Direction 2024.

Kenneth Lawrie, Chair of the LGBF Board and Emily Lynch, Programme Manager for LGBF at the Improvement Service, presented to the Commission, emphasising the importance of LGBF being a Local Government led approach to develop better measurements. They acknowledged the difficult balance councils face in meeting increasing service demands whilst public expenditure declines.

Kenneth and Emily highlighted the following points:

- LGBF should be used as a 'can-opener' for councils to identify weakness and share learning for improvement.
- LGBF is a key part of enhancing public accountability, as well as providing local data to improve services and focus resources on areas of greatest need.
- Councils face significant demand pressures, including an ageing workforce, skills gaps, and high sickness absence levels, impacting service delivery, especially in health and social care. Local government expenditure is increasing yet not keeping up with demand and rising costs.
- There is no correlation between increased spend and improved outcomes – there is a complex range of factors affecting performance including internal and external factors.
- The range of activities and development work ongoing in relation to the LGBF, including a new data platform, peer collaborative improvement work, and refinement of performance indicators.
- A £4 billion shortfall of expenditure in health & social care in 2024 compared to what was needed to keep pace with demand and cost pressures.
- Low non-committed reserves raise concerns about capacity for early intervention and prevention services, making a 'whole system' approach to public health increasingly difficult.
- Local government is working to protect core services, such as education and social care, but there have been significant spending reductions to many areas, such as culture and leisure and street cleaning, as a consequence.
- Long-term trends show an improvement in 68% of performance metrics over 13 years. Recent years show more indicators

declining than improving, impacting all councils but with varied severity – a ‘warning flag’ for the resilience of essential services.

- There are some positive outputs, for example the attainment gap for children continues to reduce.

During discussion, the following points were raised:

- Significant work undertaken to streamline reporting governance. Any reporting body can introduce new demands on councils, leading to information overlap and duplication. Through the Local Government Data Platform project (overseen by the LGBF Board) a ‘single list’ of required data returns has been compiled and aims to ultimately reduce the burden on councils.
- Local government expenditure grew by 2% in the most recent year, but there remains a reported £6.5 billion shortfall in recent years, calculated using Improvement Service modelling.
- The need for honest conversations about financial challenges, and the role of the Commission as well as LGBF data in providing an independent voice, particularly during budget discussions.
- The impact of the adoption of the LGBF within the SPI Direction in significantly improving support and ownership among councils over the past few years.
- The citizen’s perspective on performance information and making sure it is accessible, understandable and focused on councils’ priorities besides reporting on statistical trends.

Following discussion, the Commission noted the contents of the report.

9. Any other public business

There being no further public business, the Chair closed the public session.

10. Controller of Audit’s update

The Commission considered an update by Helena Gray, Controller of Audit, on recent and upcoming activity, which included the following:

- Council Chief Executive engagement continues. Helena liaises with the audit teams, PABV, and the Commission’s Secretary and Policy Manager to identify issues across the wider sector and which councils to meet with as a priority.
- Stirling and Clackmannanshire Integration Joint Board (IJB) is entering tripartite discussions with COSLA and the Scottish Government in an effort to balance its budget. While it is currently the only IJB not to have balanced its budget that the CoA is aware of, others’ budgets include unidentified savings or challenging targets.
- Helena is considering which bodies and agencies should be part of the Scrutiny Coordination Group. Food Standards Scotland’s

Chief Executive is currently considering whether it is beneficial that they be included. Helena will attend a Public Services Delivery Group meeting to discuss potential inclusion.

During discussion, members raised the following points:

- From audit intelligence considered at the Strategy Seminar, concerns were identified with one council. Helena has approached their Section 95 officer and had a positive discussion, and is comfortable with their current position on the Best Value schedule, highlighting that the auditors and S95 officer will update her if the position changes.

11. Best Value: The Highland Council

The Commission considered its response to the Controller of Audit's report on Best Value in The Highland Council. Members agreed to issue findings in response to the report, with findings to be drafted by the Secretary and Deputy Chair and circulated to members next week.

The Commission members discussed and agreed upon a number of points, which are included within the findings in the published report.

12. Delayed discharges performance audit: Scope

The Commission considered a report presented by Alison Cumming, Executive Director of Performance Audit and Best Value, alongside Carol Calder, Audit Director, and Kathrine Sibbald, Senior Manager.

Alison, Carol and Kathrine highlighted:

- Delayed discharges is a persistent challenge, with over 666,000 days spent in hospital in 2023/24 by people who are ready to be discharged.
- It will take large scale collaboration across multiple agencies to resolve this issue.
- The audit scope focuses on two main areas in depth: key factors that impact on delayed discharges and processes to manage it, and the impact of steps taken to find a sustainable long-term solution.
- The initial proposal had been to focus on good performance, but officers also wanted to look at poor performance for comparison and to take learnings from both sides.
- Timetable has been set to allow for publication and associated parliamentary scrutiny ahead of the 2026 Scottish Parliament elections.

During discussion, a number of points were raised, subject to data availability:

- Request to include upstream issues, such as figures on cancelled procedures due to lack of beds. The intention is map out the entire flow process to highlight all areas which impact upon others.

- Re-admissions following discharge must also be considered, some outcomes may be better with longer stays in hospital.
- Comparison of extra days in hospital compared to overall days in hospital to gain a better sense of scale of the issue.
- The impact of discharge into care homes on the service users
- The role of the performance data bulletin as context for the issues addressed in the audit.

After discussion, the Commission:

- Agreed to the proposed audit scope for the performance audit on delayed discharges
- Agreed to the proposed approach for considering emerging messages for the audit work.
- Noted and agreed the proposed timings of the audit work.

13. Audit Scotland Q3 corporate performance report

The Commission considered Audit Scotland's Q3 Corporate Performance report, with Vicki Bibby explaining that the finance team is working to get this data to the Commission and Board nearer the end of each quarter.

During discussion, a number of points were raised:

- Work ongoing to ensure audit delivery is back on track by the end of the current audit appointment round. Vicki is working with the Audit Quality and Assurance (AQA) team, the Controller of Audit, and the Secretary to the Commission to address any ongoing issues. Discussions are ongoing as to whether intervention is required for councils with delayed audits.
- Vicki assured the Commission that delays occur for various reasons, including council capacity. The Controller of Audit maintains regular communication with auditors and Section 95 Officers to assess ongoing situations.

Following discussion, the Commission noted the contents of the report.

14. Chief Operating Officer update

Vicki provided an update on a number of items:

- Quarterly Performance Reports
 - Vicki queried whether the Commission would prefer to see these reports via correspondence in future, which would allow members to see up-to-date information as it is available and would ease pressure on Commission agendas.
 - Sarah will collate members' views and preferences on this.

Action: Secretary to the Commission

- Local Audit Reform:

- The UK Government has issued its response following the consultation on local audit reform. Key points include CIPFA retaining responsibility for the Code on Local Authority accounting, and that the Government plans to work with devolved nations on auditing, providing an opportunity for both Audit Scotland and the Accounts Commission to have a voice.
- Sarah will liaise with Paul O'Brien to share more information on the UK Government's response with members.

Action: Secretary and Director of Quality and Support

- Future of Public Audit Model:
 - Governance was endorsed by the Audit Scotland Board recently (as discussed with the Commission in March).
 - The project lead is working with Sarah Watters to ensure appropriate time is given on Commission's agendas this year to consider discussion papers.
- Audit Scotland uses 'Best Companies' to survey staff each year and had a 78% engagement rate this year. For the first time since the Covid-19 pandemic, Audit Scotland has moved back up to a 'One Star' company.

15. Any other private business

The following matters were raised:

- Commission member training – Sarah updated members on the Support Team's work to create a suite of online training for Commission members:
 - The 'Learning Management System' will include mandatory and optional training, including GDPR and Information Management
 - KnowBe4 will provide cyber risk training in small modules.

Both initiatives seek to address risks on the Risk Register and the Support team will share details of both with members in the coming days.

Action: Secretary to the Commission

- Jo provided a brief overview of the Commission's meeting with Fife Council, which was positive but the issue of councils contributing at meetings was raised again. Sarah will address this matter as part of work in relation to the engagement strategy.

Action: Secretary to the Commission

Jo has completed all members' appraisals and will provide an overview at May's meeting.

Close of business

There being no further business, the meeting close at 3.05pm.