Minutes

Thursday 11 September 10.00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
524th meeting of the Accounts Commission

Present:

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

In attendance:

Sarah Watters – Director for the Accounts Commission
Joe Chapman – Policy Manager
Alison Cumming – Executive Director of Performance Audit and Best Value (PABV)
Helena Gray – Controller of Audit
Blyth Deans, Audit Director, PABV *(item 9)*
Martin McLauchlan, Senior Manager, PABV (*item 9)*
Zoe McGuire, Audit Manager, PABV *(item 9)*
Garry Quigley, Senior Auditor, PABV *(item 9)s*
Carol Calder, Audit Director, PABV *(item 10)*
Kathrine Sibbald, Senior Manager, PABV *(item 10)*
Christopher Lewis, Senior Auditor, PABV *(item 10)*
Paul O'Brien, Director of Quality and Support *(item 11)*
Michael Oliphant, Audit Director, ASG *(item 13)*
Vicki Bibby, Chief Operating Officer *(online – item 14)*

1. Apologies for absence

No apologies were received.

2. Declarations

A number of declarations were declared at the meeting, none of which required recusal from their respective items:

Derek Yule declared a connection to item 9 due to his involvement with a community trust in Clackmannanshire that is pursuing an asset transfer, although it is not one of those referenced in the draft report.

Angela Leitch declared a connection to item 9 as she is undertaking a review of Creative Scotland, but they are not mentioned in the report.

Jennifer Henderson, Malcolm Bell and Carol Evans declared connections to item 11, as chief executives or board members of public bodies which will be subject to the annual audit process.

3. Order of business

It was agreed that items 9 to 15 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meetings

The minutes of August's meeting were agreed as an accurate reflection of the discussion, and the minutes were approved as final. Sarah Watters, Director for the Commission, provided the following updates on actions arising:

- Item 6 covers last month's query related to teacher contact time
- The Controller of Audit is organising the next Scrutiny Coordination Group for late October.

Regarding Glasgow City Council's s102 report, Andrew Burns has written to all Council Leaders and Chief Executives, with Directors of Finance and external auditors cc'd, to request that they review Schemes of Delegation and decision making processes, and learn lessons from the report.

5. Local government policy update

The Commission considered a report by Joe Chapman, Policy Manager for the Commission, providing an update on significant recent activity relating to local government. Joe highlighted the following items:

- An update on teacher contact time is provided in paragraphs 11 and 12, in response to an action from August's meeting.
- Update from the Cabinet Secretary for Finance and Local Government – challenges in scheduling the Scottish Budget and Spending Review for December due to the date for the UK Budget being later than anticipated.

During discussion, the following points were raised:

- Timing of the Commission's internal and external budget overview documents may be impacted by a delay to the Scottish Budget.
- Concern over recurring trend of councils' budget decisions being reversed due to community backlash, often following what is being seen as inadequate consultation.

After discussion, the Commission noted the contents of the update.

6. Chair's update

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

Jo highlighted the following:

- Reflections from the Solace Scotland Conference 2025 - positive conversation around how the sector is tackling financial challenges
- East Lothian Best Value follow up visit with Malcolm and Jennifer:
  - All agreed it was a positive conversation and useful insight
  - Lack of 'right to reply' at the Commission meeting challenged
  - the meeting highlighted good things the council is doing rather than just focusing on 'negatives'.
- Work programme consultation discussions held with Directors of Finance, COSLA, ALLIANCE and the IJB Chief Officers forum -
  - all supportive and value the Commission's work, and have formally submitted their views
  - feedback that the Commission could be more focused on priorities.
- Andrew Burns attended Scottish Government's Local Government Directorate team meeting – 10 to 15 minute overview of the Commission's role and work undertaken, followed by a Q&A session, good feedback, constructive and worthwhile.

After discussion, the Commission noted the contents of the update.

7. Any other public business

There being no other business, the Chair closed the public session of the meeting.

8. Controller of Audit's update

The Commission considered an update by Helena Gray, Controller of Audit (CoA), on recent and upcoming activity, including the following:

- Helena and Sarah met with John Wood from COSLA earlier this month, discussion focused on the Verity House Agreement and in particular the Fiscal Framework and Accountability and Assurance Framework.
- Solace Scotland conference – interesting conference, with some useful networking opportunities.
- Audit delivery –
  - Chair has met with the Chief Executive at one of the delayed councils and exchanged correspondence; the others are on track for their agreed revised dates.
  - 2024/25 unaudited accounts – two councils had not submitted on time - one now shared with auditor, awaiting an update on the other which was due to be available earlier this month.

During discussion, the following points were raised:

- Single Authority Model – Comhairle nan Eilean Siar has been progressing work and expects to set out outline models and a preferred option soon, with active engagement from NHS partners. CoA highlighted the need to consider audit and scrutiny as part of proposals.
- Integration Joint Boards (IJBs) Chief Finance Officers (CFOs) Section meeting – discussed Future Public Audit Model but also covered financial sustainability and partnership working between IJBs, local authorities and NHS boards.
- Members were encouraged to hear that Glasgow City Council is using the culture self-assessment model developed by Renfrewshire Council and the Improvement Service.

After discussion, the Commission noted the contents of the update.

9. Local government performance: Spotlight on culture and leisure services – draft report

Alison Cumming, Executive Director PABV, introduced the report, which is part of a series of local government outputs which the Commission agreed to produce as part of its programme of Local Government (LG) overview reporting for 2025.

Alison highlighted:

- This will be the first service spotlight report published by the Commission as part of the LG overview, and the Commission will wish to consider learning from this approach to inform its future work programme. Thanks to Carol and Nichola for their input as sponsors and to Jo for providing additional oversight for this first spotlight report.
- Commentary on overall performance against Local Government Benchmarking Framework (LGBF) has been removed from the scope due to the likelihood of repeating messages from the LGBF national overview report.
- The report draws on limited LGBF indicators along with publicly available information.
- It was challenging to analyse financial and performance data due to wider policy decisions and annual pay deals impacting spending.
- Publication planned for 23 October, factual accuracy checks ongoing with stakeholders.

During discussion, the following points were raised:

- Members acknowledged and welcomed the revised approach to the report and the need to ensure it is relevant and impactful.

- The Commission is keen to see councils using data to inform and justify spend and decisions on culture and leisure services, and to understand relationships between different models and outcomes.
- Members suggested that satisfaction data from service users rather than general public would be more meaningful.
- In response to a query around arm's length external organisations (ALEOs) and tax exemptions, it was clarified that ALEOs are set up to maximise these benefits. Not all councils use ALEOs, and some councils are bringing services 'back in house'.
- The shift from 'recommendations' to 'Commission expectations' was highlighted. Blyth Deans will bring a paper to a future meeting on the difference (if any) between the two, and how they will be followed up.

Action: Audit Director, PABV

- A number of queries were raised about aspects of the information provided in the report, including:
    - data on provision or usage of facilities in specific areas
    - potential for comparative insights, such as contrasting trends in library visits across local authorities
    - use of examples from councils looking to expand rather than contract services
    - data on consultations, and whether these relate to new services or closures
    - data on funding from other bodies, including insight from analysis of net versus gross expenditure
- Alison said the team will review the Spotlight report for clarity and factual accuracy and explore whether further information and data could be included, as highlighted during the discussion.

Following discussion, the Commission:

- Noted the contents of the report
- Approved the draft report in principle including publication arrangements, subject to fact checks and amendments discussed
- Delegated final approval of the report to sponsors.

10. Community health and social care: Performance 2025 – draft output

Alison Cumming introduced the report, highlighting a number of points:

- Joint output with the Auditor General, grateful to Angela, Malcolm and Andrew as sponsors.

- Planned publication date 06 November – recognise strong stakeholder interest and will utilise a range of promotion; plan to share draft summary briefing by correspondence when available.
- Auditor General will consider whether to refer this to the Public Audit Committee, expect interest from Health, Social Care and Sport Committee at Parliament too.

Christopher Lewis and Kathrine Sibbald presented key messages from analysis of the data. Key themes included prevention and early intervention, person-centred care, and reducing inequalities.

It was also acknowledged that due to a formatting issue it would not have been clear to Commission members that a link to the draft data tool was embedded in the meeting papers. The link was provided again to members to support their consideration of the presentation.

During discussion, the following points were raised:

- The Commission's desire to report on performance data as well as finances, to provide further evidence around issues that have been raised in previous reports; and the need for the Commission to have an agreed position and key messages.
- Challenge of collating and interpreting performance data across community health and social care sectors; difficulty of establishing causation, as well as correlation, in terms of factors affecting performance; and whether the data gaps should be highlighted.
- Performance management – keen to see how organisations use the data to improve, and whether there is scope to share case studies of good practice across councils and also the NHS.

Following discussion, the Commission:

- Approved the interactive online data tool
- Noted the contents of the presentation of key findings
- It was agreed that the draft briefing should come to a future Commission meeting for full consideration.
- Agreed to provide any comments or queries regarding the data tool by 19 September.

11. Guidance on planning 2025/26 annual audits

The Commission considered a report by Paul O'Brien, Director of Quality and Support. During discussion, the following points were raised:

- Resource requirement – a significant document with a lot of work involved but some of the content is replicated from previous years where appropriate.
- Timescales – local government audits should be complete by September annually, but quality of audits is also important; anticipating all audits will be back on track by the end of the

current audit appointment period. The Chief Operating Officer's recent letter to councils and auditors stresses the importance of timeliness and a partnership approach.

- Members discussed the balance between timeliness and quality, and whether target dates should be called 'deadlines' to be clearer.
- 'Good' versus 'best' practice – auditors are able to judge what is good practice in a particular authority's context, and there are lots of examples of good practice which are worth sharing, but difficult to determine what is 'best' given different circumstances and without knowledge of all authorities. The local government sector forum enables sharing of examples and ensuring consistency of approach across all auditors.
- It was suggested that the asset management thematic work planned for 25/26 should cover the proportion of a council's capital programme that has been delivered, as well as under- or over-spends. Helena agreed to take this into consideration for the accompanying detailed guidance for the thematic audit work.

Action: Controller of Audit

- Discussion about stronger reference to assessing authorities' partnership working and involvement in sectoral collaboration, however this is already covered as one of the BV themes so it was agreed not to make any change that would single it out.

After discussion, the Commission:

- Approved for consultation the draft of guidance on planning 2025/26 annual audit
- Delegated authority to the Commission Chair to approve the publication of the final guidance.

12. Commission engagement framework

The Commission considered a report by Sarah Watters. This framework complements the Response Framework presented at August's meeting to guide how the Commission engages with stakeholders. Sarah noted the following:

- The framework defines engagement in the context of the Commission, proposes six 'goals' for consideration and sets out actions and responsibilities across various groups of stakeholders.
- Alongside the framework the Controller of Audit has her own programme of engagement that links to the Commission's work. This is discussed regularly with the Chair and updates are provided to the Commission.

During discussion, the following points were raised:

- The level of detail and clarity in the framework was welcomed.

- Purpose of engagement is clearer, evident that a key relationship stakeholders have is with Audit Scotland staff during audit work, while Commission members are less directly involved as appropriate in order to maintain independence.
- Aim is that engagement becomes more relational rather than transactional, with more proactive engagement with and from stakeholders.
- 'Local engagement' – a place director-type model was considered but would mean a large time commitment and may not adequately cover all areas.
- There may be opportunities for local engagement and gathering of information and 'intelligence' through other meetings and activities – but this should not be considered the same as audit evidence.
- Commission experience - emphasis should be placed on Commission's lived experience and knowledge of their local council area. The Commission is committed to geographic diversity, but allocation of members to "home" local authority is not necessarily the best way to evidence or demonstrate that commitment.
- Discussion on the relationship between this framework and the Response Framework (discussed in August) and whether merging the two would be appropriate. However, members debated whether the engagement framework required to be published or whether it was more appropriate as a working document for the Commission.
- Sarah will consider the points above when reviewing both frameworks.

After discussion, the Commission:

- Noted the contents of the report
- Agreed the assumptions set out in paragraph 16
- Delegated final sign off to members of the communications working group

13. Support for Committee appearances – training proposal

The Commission considered a report by Sarah Watters, and Audit Directors of Audit Services Group (ASG) and PABV. The paper was requested by the Commission Chair based on her own experience.

During discussion, the following points were raised:

- Audit Scotland staff and the Auditor General undertake this training.
- There is appetite for the Commission continuing to appear in front of parliamentary committees to give evidence on reports where appropriate/relevant. The training would be tailored to the Commission's needs and preferably in person.

- Members were supportive of formalising this training, with those who have had support in advance of giving evidence highlighting the benefits.
- Appetite to make it a whole day of training, potentially including other mandatory training for members.
- Members also suggested watching Public Audit Committee meetings to gain experience.

After discussion, the Commission:

- Noted the contents of the report
- Agreed that the Director for the Commission works with Audit Directors to firm up proposals and deliver support as soon as practicable.

14. Chief Operating Officer Update

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission. During discussion, the following points were raised:

- Audit Scotland budget process will mirror last year's, with a sub-group made up of Andrew, Derek, Jo and Jennifer meeting in October to review the Accounts Commission budget before it comes to the Commission for approval. In addition, Vicki will share with the group the key considerations for the wider Audit Scotland budget but governance for this sits with the Audit Scotland Board.
- Review of Partnership Working Framework – same format as last year, with Andy and Jennifer collating views from members. Sarah will seek Commission views in October, whilst Vicki will seek views from the Auditor General and the Audit Scotland Board.
- Joint Audit Scotland Board and Commission session in November planned and discussions are underway with Professor James Baird, with a focus on AI and Digital in audit.
- Audit Scotland's Strategic Improvement Programme – paper going to Audit Scotland Board for approval with updates on key projects.

15. Any other private business

Jo reminded Commission members that October's Commission meeting will take place at Audit Scotland's Glasgow office, which she hopes will enable North Ayrshire Council colleagues to attend for the session on their Best Value report. The Commission support team will contact those members who require accommodation in due course.

There being no further business, the meeting closed at 1.15pm.