

Minutes

Financial Audit and Assurance
Committee

Thursday 23 November 2023, 9.15am

Online via Microsoft Teams

Present:

Ronnie Hinds (Interim Chair)
Andrew Cowie
Carol Evans
Ruth MacLeod
Mike Neilson
Derek Yule

Apologies:

Nichola Brown

In attendance:

Allan Campbell, Secretary to the Accounts Commission
Helena Gray, Controller of Audit
John Boyd, Audit Director, Audit Services Group (ASG) (item 4)
Rachel Browne, Audit Director, ASG (item 4)
Anne MacDonald, Senior Audit Manager, ASG (item 4)
Rebecca Smallwood, Correspondence Manager, PABV (item 5)
Fiona Caffyn, Correspondence Officer, PABV (item 5)
Jack Nixon, Executive Assistant to the Accounts Commission (Minutes)
Carol Evans, Accounts Commission member
Angela Leitch, Accounts Commission member
Christine Lester, Accounts Commission member
Ruth MacLeod, Accounts Commission member
Antony Clark, Executive Director of Performance Audit and Best Value (PABV)
Joe Chapman, Policy Manager to the Accounts Commission

1. Apologies for absence

It was noted Nichola Brown had sent apologies.

2. Declaration of connections or conflict

No connections or conflicts were raised.

3. Minutes of meeting of 24 August 2023

The minutes of the meeting of 24 August 2023 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

4. Current audit issues in councils

The Committee considered a report by the Controller of Audit providing a summary of emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee discussed the following:

- Helena Gray advised the Committee the report provided the requested updates on Reinforced Autoclaved Aerated Concrete (RAAC) and equal pay.
- Helena Gray discussed appendix 4, specifically requesting feedback around the usefulness of the data. It was agreed that the appendix should be retained, but consideration given to which data sets should be included. Committee members also expressed that they would like the report to make clear what are the main issues that they should be concerned about.
- Helena Gray and Rachel Browne briefed the Committee on the recent cyber-attack at Comhairle nan Eilean Siar. Members were advised that the council is being transparent with the community and its partners, prioritising maintaining the delivery of core services, and receiving the appropriate assistance from national cyber teams.
- Anne McDonald discussed the judicial review on Aberdeen City Council on the closure of libraries and swimming pools highlighting the community's view that they weren't adequately consulted, as the closures were more widespread than had been planned.
- In response to a query about North Lanarkshire Council, John Boyd highlighted the scale of the budget gap is significant across local authorities, stating there is a reliance on appointed auditors reporting their 'budget gap' as a current issue. Ronnie Hinds expressed the view that councils only have a 'budget gap' as part of a budget-setting process, as their budgets ultimately have to be balanced, therefore it is difficult to compare between councils that may be at different stages of that process.
- The Committee discussed the use of pension fund savings, expressing the view that they should be used to set a council on the path of financial sustainability and to support transformation rather than delaying necessary and difficult decisions to reform.
- In response to a query from Michael Neilson, Antony Clark confirmed the Financial Bulletin will be explicit in analysing each council and highlighting that while councils in Scotland are not in financial crisis, they are at risk. Committee members also highlighted the differences between the challenges faced by different councils, for example with some council areas seeing significant population growth. The implications of this on council tax and council funding mechanisms were also discussed.

Following discussion:

- The Committee noted the recent decision to freeze council tax and the subsequent questions around recompense funding. It was agreed the Commission should have an appetite for this discussion.

- It was agreed, following discussions around Aberdeen City and North Lanarkshire Council's, whether there was any scope to pick up with the Improvement Service what good consultation on the Scottish budget looks like.
- The Committee noted the report.

5. Intelligence report

The Committee considered a paper by the Secretary to the Commission on the Intelligence report.

During discussion, the Committee thanked Audit Scotland colleagues for the report. It was agreed the report could be reframed and used to highlight issues that could potentially feed into the work programme. Additionally, it welcomed the reassurance that the data didn't raise any specific risks. The correspondence team in Audit Scotland also provided an update on plans to improve the analysis and reporting of the data.

The Committee agreed it would like to still receive future editions of the report, but agreed it's structure and content could be revised. For example, it may be helpful to include:

- more comparative data to place the numbers of enquiries and complaints in perspective
- commentary on what is behind the numbers and any trends (such as why particular councils have particularly high volumes)
- a summary of the key issues arising from what's in the report, and how the Commission might make best use of the intelligence.

Action – Secretary to Accounts Commission

Following discussion, the Committee noted the report.

6. Any other business

The Chair, having advised that there was no business for this item, closed the meeting.

Close of meeting

The meeting finished at 10:20 am.