

MEETING: 11 OCTOBER 2018

MINUTES OF PREVIOUS MEETING

Minutes of the 450th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 11 October 2018, at 10.15am

PRESENT: Graham Sharp (Chair)
Andrew Burns
Alan Campbell
Andrew Cowie
Sandy Cumming
Sharon O'Connor
Sophie Flemig
Sheila Gunn
Stephen Moore
Tim McKay
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Tim Bridle, Manager - Local Government (Technical), PABV [Item 13]
Corrine Forsyth, Senior Auditor, PABV [Item 10]
Brian Howarth, Audit Director, Audit Services, [Item 13]
Fiona Kordiak, Director of Audit Services [Item 14]
Ashleigh Madjitey, Senior Auditor, PABV [Item 13]
Tricia Meldrum, Senior Manager, PABV [Item 10]
Mark Roberts, Senior Manager, PABV [Item 14]
Esther Scoburgh, Audit Manager, Audit Services [Items 11 & 12]
Kirstin Scott, Auditor, PABV [Item 14]
Kathrine Sibbald, Audit Manager, PABV [Item 13]
Shelagh Stewart, Audit Manager, PABV [Items 11 & 12]
Gillian Woolman, Audit Director, Audit Services [Items 11 & 12]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 13 September 2018
5. Minutes of meeting of Financial Audit and Assurance Committee of 27 September
6. Minutes of meeting of Performance Audit Committee of 27 September 2018
7. Audit Scotland Board update
8. Update report by the Secretary to the Accounts Commission
9. Update report by the Controller of Audit
10. Briefing: Reducing Child Poverty
11. Best Value Assurance Report: East Lothian Council
12. Best Value Assurance Report: East Lothian Council
13. Local government financial overview: emerging messages
14. Potential implications of EU withdrawal for public bodies
15. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Ronnie Hinds.

2. Declarations of interest

The following declarations of interest were made:

- Sophie Flemig, in item 14, as a non-UK EU citizen.
- Geraldine Wooley, in item 8, as a member of the Scottish Housing and Property Chamber, in relation to references to housing matters; in item 10, because a close family member is an adviser to the Scottish Government and a media commentator on child poverty matters; and in item 13, as a member of Fife Valuation Appeal Committee, in relation to references to non-domestic rates.

Fraser McKinlay also asked that his interest in items 11 and 12 be noted as he is a resident of East Lothian.

3. Decisions on taking business in private

It was agreed that items 12 to 15 be considered in private because:

- Item 12 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 13 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 14 proposes a paper containing policy matters which the Commission may wish to consider in private before publishing.

No business was notified by members for item 15 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 13 September 2018

The minutes of the meeting of 13 September 2018 were approved as a correct record.

5. Minutes of meeting of Financial Audit and Assurance Committee of 27 September 2018

The minutes of the meeting of the Financial Audit and Assurance Committee of 27 September 2018 were approved as a correct record, subject to the removal of “and” at the end of the fifth bullet point of item 4.

6. Minutes of meeting of Performance Audit Committee of 27 September

The minutes of the meeting of the Performance Audit Committee of 27 September 2018 were approved as a correct record.

7. Audit Scotland Board update

The Commission noted a report by the Secretary providing an update on the business of the Audit Scotland Board.

8. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary providing an update on

significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- In relation to paragraph 23, in response to a query from Sophie Flemig, agreed that the Secretary consider the appropriateness of a response to the Scottish Government consultation on the Scottish National Investment Bank.

Action: Secretary

- In relation to paragraph 56, in response to a query from Sophie Flemig, noted advice from the Controller of Audit that auditors continue to monitor the situation with impending strike action in Glasgow City Council.
- In relation to paragraph 68, in response to a query from Sheila Gunn, noted advice from the Secretary that matters in relation to personal debt and any link with Universal Credit remained an area of interest to the Commission which it could consider as part of its work programme refresh at its December meeting.

Action: Director of PABV

Following discussion, the Commission agreed to note the report and in particular:

- Not to respond to the Scottish Government consultation on a consumer body for Scotland, but to retain a watching brief in this regard (paragraph 8).
- Not to respond to the Scottish Government discussion paper on Housing and Communities (paragraph 24).
- Not to respond to the call for evidence from the Scottish Parliament's Culture, Tourism Europe and External Affairs Committee in its scrutiny of the Article 50 withdrawal of the European Union (paragraph 45).

9. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

10. Briefing: Reducing Child Poverty

The Commission considered a report from the Director of PABV introducing a briefing paper on child poverty.

During discussion, the Commission:

- In relation to a query from Andrew Burns, noted advice from the Director that early liaison will take place with the Poverty and Inequality Commission to discuss matters of mutual interest.
- Further in this regard, agreed that a representative from that body be considered as part of the Commission's lunchtime speaker programme.

Action: Secretary

- In relation to a query from Andy Cowie, noted advice from the Director that rurality would be considered in the scoping of the forthcoming performance audit on child poverty.
- In relation to queries from Alan Campbell and Sophie Flemig, noted advice from the Director that the effectiveness of leadership would be considered in

the scoping of the forthcoming performance audit on child poverty.

- In relation to paragraph 27, noted advice from Geraldine Wooley that the recommendation in the performance audit on early learning and childcare on targeting eligible families was made to the Scottish Government as well as councils.
- Agreed that the Chair and Secretary consider how to share the briefing paper with wider stakeholders.

Action: Secretary

11. Best Value Assurance Report: East Lothian Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report for East Lothian Council.

Following questions to the Controller of Audit, the Commission agreed:

- To note advice from the Controller that he would prepare a briefing paper on citizen satisfaction mechanisms in local government.

Action: Controller of Audit

- To consider in private how to proceed.

12. Best Value Assurance Report: East Lothian Council [in private]

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for East Lothian Council.

Following discussion, the Commission agreed to make findings, to be published on 1 November 2018.

Action: Secretary

13. Local Government Financial Overview 2017/18: emerging messages [in private]

The Committee considered a report by the Director of PABV proposing the emerging messages for the 2017/18 local government overview report.

During discussion, the Committee agreed:

- To endorse the emerging messages, subject to a small number of revisions and other points to be addressed by the report team in conjunction with the report sponsors, Graham Sharp and Ronnie Hinds.
- That the emerging messages form the basis of the report for the Local Government in Scotland Financial Overview 2017/18 and the accompanying pensions supplement.
- That a draft audit report be brought to the Commission meeting in November 2018, prior to publication on 29 November 2018.
- The proposed publication and promotion arrangements, including noting that the report will be presented to the Scottish Parliament's Local Government and Communities Committee as part of its budget scrutiny activity.

Actions: Director of PABV & Secretary

14. Briefing: Potential implications of EU withdrawal for public bodies

The Commission considered a report by the Director of PABV introducing a briefing

paper on the key issues facing the public sector arising from the UK's withdrawal from the European Union.

During discussion, the Commission:

- Noted advice from the Secretary that discussions with the Associate Director, Audit Quality and Appointments, were ongoing about reputational risk matters associated with such matters.
- Endorsed the briefing paper
- Agreed that the paper be published on the Audit Scotland website.

Action: Director of PABV

15. Commission business matters

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