

MEETING: 12 MAY 2022

MINUTES OF PREVIOUS MEETING

Minutes of the 488th meeting of the Accounts Commission held via 'hybrid' (in-person and online) meeting, in the offices of Audit Scotland at 102 West Port, Edinburgh and online on Thursday 7 April 2022 at 9.30am.

PRESENT: * William Moyes (Chair)
 * Andrew Burns
 ** Sophie Flemig
 ** Sheila Gunn
 ** Christine Lester
 * Tim McKay
 * Stephen Moore
 ** Geraldine Wooley

 * In person
 ** Online

IN ATTENDANCE: Paul Reilly, Secretary to the Accounts Commission
 Antony Clark, Interim Controller of Audit and Director of Performance
 Audit and Best Value (PABV)
 Carol Calder, Audit Director, PABV (item 11)
 Blyth Deans, Senior Manager, PABV (item 11)
 Lucy Jones, Senior Auditor, PABV (item 11)
 Ashleigh Madjitey, Audit Manager, PABV (item 12)
 Bernadette Milligan, Audit Manager, PABV (item 11)
 Richard Robinson, Senior Manager, PABV (item 12)

- | Item | Subject |
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| 1. | Apologies for absence |
| 2. | Declarations of interest |
| 3. | Order of business |
| 4. | Minutes of meeting of 10 March 2022 |
| 5. | Annual governance review |
| 6. | Strategic Alliance between the Accounts Commission and the Improvement Service:
Annual Review |
| 7. | Secretary's update report |
| 8. | Chair's update report |
| 9. | Interim Controller of Audit's update report |
| 10. | Any other public business |
| 11. | Local government in Scotland: Overview 2022 – draft report (in private) |
| 12. | Performance audit: draft report – Reviewing Scotland's financial response to the
Covid-19 pandemic (in private) |
| 13. | Best Value Working Group update (in private) |
| 14. | Any other private business (in private) |

1. Apologies for absence

It was noted that apologies for absence had been received from Andrew Cowie and Sharon O'Connor.

2. Declarations of interest

There were no declarations of interest.

3. Order of business

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

- Item 11, as it proposed a draft publication which the Commission is to consider in private before publishing.
- Item 12, as it proposed a draft performance audit which the Commission is to consider in private before publishing.
- Item 13, as it may have required the Commission to consider confidential policy, commercial and contractual matters.

The Chair advised that there was no business for item 14.

4. Minutes of meeting of 10 March 2022

The minutes of the meeting of 10 March 2022 were approved as a correct record,

Arising therefrom, the Commission:

- Noted the following:
 - In relation to item 5, first bullet point (first sub-bullet), advice from the Secretary that self-evaluation was covered on an initial basis at the Commission's recent Strategy Seminar.
 - In relation to item 5, first bullet point (second sub-bullet), advice from the Secretary that a response to the emergency consultation by the Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee Local Authority Accounting Code Board (CIPFA/LASAAC) on proposals by the Department for Levelling Up, Housing and Communities (DLUHC) on accounting requirements in the light of continuing delays in completing local audits in England had been submitted and shared with members.
 - In relation to item 5, first bullet point (third sub-bullet), advice from the Secretary that the tight timescales in the consultation meant that only limited engagement took place with auditors on the consultation.
 - In relation to item 5, third bullet point (first and fourth sub-bullets), advice from the Secretary that he was discussing with the Chair of Audit Scotland Equalities and Human Rights Steering Group (i) the definition of and approach to human rights in the Commission's work; and (ii) the effect on its audit reporting and its responsibilities of the United Nations Convention on the Rights of the Child.
 - In relation to item 5, third bullet point (second sub-bullet), advice from the Secretary that a 'stress testing' approach to public services in relation to the financial and social impact of Covid-19 would feature for discussion as part of future proposals on the refresh of the work programme.

- In relation to item 5, third bullet point (third sub-bullet), advice from the Secretary that public involvement and participation in audit work was discussed at the Commission's recent Strategy Seminar and thus would feature in an action plan arising from the event.
 - In relation to item 7, second and fifth bullet points, advice from the Secretary that the Commission's use of Local Government Benchmarking Framework (LGBF) data in its reporting was discussed at the Commission's recent Strategy Seminar and thus would feature in an action plan arising from the event.
 - In relation to item 7, fourth bullet point, advice from the Secretary that the points raised by Stephen Moore in discussion had been referred to the LGBF Board for its consideration.
 - In relation to item 7, tenth bullet point, advice from the Secretary that dialogue with the LGBF Board on the future development of the project had been initiated, starting with a meeting of the Board on 27 April.
 - In relation to item 8, sixth bullet point, advice from the Secretary that Commission members had discussed potential Best Value thematic audit work in 2022/23 at the recent Strategy Seminar, a proposal from which would be discussed at a meeting with appointed auditors on 25 April.
 - In relation to all other actions, advice from the Secretary and Interim Controller of Audit and Director of PABV that matters were subject to ongoing discussion.
- Agreed that for future meetings of the Commission, matters arising from previous minutes be set out in a written report.

Action: Secretary

5. Annual governance review

The Commission considered a report by the Secretary on the conclusion of a review of the Commission's governance arrangements.

During discussion, the Commission:

- Noted advice from the Secretary, in response to a query from Geraldine Wooley, of the interest of the Standards Commission in the requirements in the Board Member Code of Conduct on member involvement in strategic and operational matters.
- Noted advice from the Secretary, in response to a query from Andrew Burns, that the Commission's Best Value Working Group has a finite timescale, decided by the Commission.
- Noted advice from the Secretary, in response to a query from William Moyes, that he would consider any implications of the UK Corporate Governance Code on the Commission's Code of Conduct.

Action: Secretary

Following discussion, the Commission:

- Endorsed the conclusion of the annual governance review.
- Agreed the recommendations in the report.
- Agreed that an interim update on progress be made in six months.

Actions: Secretary

6. Strategic Alliance between the Accounts Commission and the Improvement Service: Annual Review

The Commission considered a report by the Secretary reviewing the Strategic Alliance between the Commission and the Improvement Service (IS) and proposing joint priorities for the next 12 months.

The chair welcomed Sarah Gadsden, Chief Executive of the IS who was present participate in discussion

During discussion, the Commission:

- Noted advice from Sarah Gadsden that she would invite the Commission to an early meeting of the IS Board following the local government election.
- Noted advice from Sarah Gadsden, in response to queries from Tim McKay and Sheila Gunn, on ongoing and planned work by the IS on elected member development.
- Noted advice from Antony Clark, in response to a query from William Moyes, on the potential of future discussions between the IS, Commission and Audit Scotland on a longer-term collaborative approach to supporting elected member development.
- Noted advice from Sarah Gadsden, in response to a query from William Moyes, that she would provide further information on the IS's approach to developing measures of the impact of its work.

Action: Secretary

- Noted advice from Sarah Gadsden, in response to a query from Stephen Moore, on ongoing and planned work by the IS on supporting elected members in effectively scrutinising the impact of the Covid-19 pandemic on local outcomes.
- Noted advice from Sarah Gadsden, in response to a query from Tim McKay, on the support provided by the IS to South Ayrshire Council following the Commission's publication of its Best Value Assurance Report on the Council.

Following discussion, the Commission:

- Noted the progress of the Strategic Alliance between the Commission and the IS.
- Agreed to restate and underline its commitment to the Alliance and articulate accordingly to a new IS Board in place following the local government elections.
- Agreed to retain and further develop the joint priorities agreed as a basis for the Alliance.
- Noted that the Secretary will report back on the new IS Board's review of the Alliance.
- Agreed a further review in 12 months' time, but with an interim report of progress before then.

Actions: Secretary

7. Secretary's update report

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.

The Commission noted advice from the Secretary that, in line with the approach agreed with Commission members, members had been given the opportunity to provide queries on the Secretary's report in advance of the meeting, a response to which he would circulate to members.

During discussion, the Commission:

- Noted advice from the Interim Controller of Audit, in response to a query from Stephen Moore, that a reported £3.3 million shortfall in Moray Council's early learning and childcare budget would be subject of consideration by the appointed external auditor.
- Noted advice from the Secretary, in response to a query from Christine Lester, that his update report to the next meeting of the Commission would refer to the consideration by the Scottish Parliament's Public Audit Committee on 31 March of the Commission and Auditor General's recently published briefing on drug and alcohol services.

Action: Secretary

Following discussion, the Commission:

- Agreed not to respond to the consultations highlighted at paragraphs 39, 44 and 73 of the report.
- Agreed to respond to the upcoming consultation highlighted in paragraph 73 when it goes live.

Actions: Secretary

- Noted the report.

8. Chair's update report

The Commission considered and noted a report by the Chair providing an update on recent and upcoming activity.

9. Interim Controller of Audit update report

The Commission considered and noted a report by the Interim Controller of Audit providing an update on recent and upcoming activity.

10. Any other public business

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

The livestream of the meeting was stopped at this point.

11. Local government in Scotland: Overview 2022 – draft report (in private)

The Commission considered a report by the Interim Director of PABV proposing the draft *Local government in Scotland: Overview 2022* report and the process for finalising, publishing and promoting the report.

Following discussion, the Commission:

- Approved the report, to be published on 26 May, subject to the drafting team considering, in conjunction with the sponsors William Moyes and Tim McKay, points raised in discussion.

Action: Interim Director of PABV

- Agreed proposals for publishing and promoting the report, including:

- Encouraging ideas from members on themes or subjects for blogging activity around the publication of the report.
- Further to this end, one such idea on the impact of the pandemic and service disruption on communities already experiencing inequality (suggested by Andrew Burns).
- A seminar-type event aimed at local government stakeholders, aimed at promoting the messages in the report and considering how they are acted upon.

Action: Interim Director of PABV and Secretary

- Agreed that further information on the publication and promotion plan be provided at the next meeting.

Action: Interim Director of PABV and Secretary

- Agreed that it consider the future approach to its overview reporting at a future meeting.

Action: Interim Director of PABV and Secretary

12. Performance audit: draft report – Reviewing Scotland’s financial response to the Covid-19 pandemic (in private)

The Commission considered a report by the Interim Director of PABV inviting the Commission to approve the draft performance audit report on Scotland’s financial response to Covid-19.

During discussion, the Commission:

- Noted advice from the Interim Director of the challenges inherent in this work, particularly around the constantly changing public finance environment.
- Noted advice from the Interim Director, in response to a query from Christine Lester, that council reserves will be a core feature of next year’s local government financial overview reporting.
- Noted advice from the Interim Director, in response to a query from Stephen Moore, of the continued importance of the annual audit process in providing accountability on financial resources.

Following discussion, the Commission:

- Approved the draft performance audit report, to be published on 9 June, subject to the drafting team considering, in conjunction with the sponsors Sophie Flemig and Sheila Gunn, points raised in discussion.
- Agreed to give sponsors delegated authority to finalise the content of the audit report through discussion with the audit team and the Auditor General for Scotland.

Actions: Interim Director of PABV

- Agreed, in the absence of a publication and promotion being provided with the report, that the audit team liaise with the report sponsors on this plan.

Action: Interim Director of PABV

13. Best Value Working Group update (in private)

The Commission considered a report by the Secretary providing an update on the work of the Best Value Working Group (BVWG).

Following discussion, the Commission noted the report.

14. Any other private business

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

15. Close of meeting

The meeting closed at 12.20pm.