

ACCOUNTS COMMISSION

MEETING 11 DECEMBER 2014

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 13 November 2014, at 10.00am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Alan Campbell
Sandy Cumming
Colin Duncan
Tim McKay
Christine May
Stephen Moore
Linda Pollock
Colin Peebles
Graham Sharp
Pauline Weetman

IN ATTENDANCE: Paul Reilly, Secretary to the Accounts Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Ronnie Nicol, Assistant Director, PABV [Item 7]
Gordon Smail, Senior Manager, PABV [Item 7]
Phil Grigor, Project Manager, PABV [Item 7]
David McConnell, Assistant Director, ASG [Item 7]
Antony Clark, Assistant Director, PABV [Item 9]
Russell Frith, Assistant Auditor General [Item 12]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 9 October 2014
5.	Update report by the Secretary to the Commission
6.	Update report by the Controller of Audit
7.	Audit of Best Value (follow-up) – City of Edinburgh Council
8.	Briefing: Scottish Budget 2015/16
9.	Shared risk assessment 2015/16
10.	Local Government Benchmarking Framework
11.	Audit of Best Value (follow-up) – City of Edinburgh Council [<i>in private</i>]
12.	Application of ethical standards for auditors [<i>in private</i>]
13.	Commission business matters [<i>in private</i>]

1. Apologies for absence

It was noted that there were no apologies for absence.

2. Declarations of interest

The following declarations of interest were made:

- Ronnie Hinds, in items 7 and 11 as a senior officer in City of Edinburgh Council until 2006, and in item 10, as the former chair of the Local Government Benchmarking Board.
- Tim McKay, in items 7 and 11, as an elected member of City of Edinburgh Council until May 2012. He played no part in the consideration of the said items.
- Christine May, in items 7 and 11, as an owner of a property in the City of Edinburgh, and in item 9, as Vice-Chair of Fife Cultural Trust.
- Colin Peebles, in items 7 and 11, as a property owner and registered private landlord in the City of Edinburgh.
- Linda Pollock, in item 9, as a member of the board of the Care Inspectorate.
- Pauline Weetman, in items 7 and 11, as a resident of the City of Edinburgh.

3. Decisions on taking business in private

It was agreed that items 11 to 13 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 9 October 2014

The minutes of the meeting of 9 October 2014 were submitted and approved, subject to noting advice from the Secretary that:

- in relation to item 4 (second bullet point, second sub-bullet: The impact of welfare reforms on council rent arrears in Scotland), he wrote to council chief executives on 29 October commending the report, and the letter and report had been placed on the Commission members' portal.
- in relation to item 8 (third bullet point: annual strategy seminar), the annual strategy seminar would take place on 27-28 April 2015.
- in relation to item 10:
 - the report would be published on 27 November.
 - the Chair and the Auditor General gave evidence on 5 November to the Parliament's Local Government and Regeneration Committee as part of its scrutiny of the Community Empowerment.
 - the Chair and the Auditor General would brief the National Community Planning Group on the report at its meeting on 2 December.

5. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission 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:

- noted advice from the Secretary that:
 - the Commission, represented by Douglas Sinclair, Sandy Cumming and Linda Pollock, met with the board of Moray Community Planning Partnership on 6 November to discuss the report of the Commission and Auditor General on the audit of the partnership, published on 10 July 2014.
 - the Chair and Deputy Chair met the Cabinet Secretary for Finance and Cabinet Secretary for Finance, Employment and Sustainable Growth, and the Minister for Local Government and Planning, on 11 November.
- in relation to paragraph 9 (Scottish Government development event for non-executive directors), heard feedback from Linda Pollock on the event, and noted that papers therefrom had been placed on the members' portal.

Thereafter the Commission noted the report.

6. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders, from which it was agreed that:

- the Controller of Audit engage in a fuller discussion with the Commission at its January meeting on issues emerging from his engagement with council chief executives.
- the Controller of Audit provide the Commission with a paper on the current budget deliberations by councils, including any themes emerging in relation to specific service areas.

Actions: Controller of Audit

7. Audit of Best Value (follow-up) – City of Edinburgh Council

The Commission considered a report by the Secretary introducing a follow-up report by the Controller of Audit of the Audit of Best Value – City of Edinburgh Council and seeking direction on how to proceed.

During consideration, the Commission agreed:

- that the Controller of Audit provide further information on progress with issues around the council's statutory repairs service.

Action: Controller of Audit

- that the Director of Performance Audit provide advice on the status of all councils' workforce strategies.

Action: Director of Performance Audit

- to note the report.
- to consider in private how to proceed.

8. Briefing: Scottish Budget 2015/16

The Commission considered a report by the Secretary to the Commission providing a briefing on the Scottish Draft Budget 2015-16 and highlighting some of the key issues for local government.

During consideration, the Commission agreed that the Secretary provide further information in relation to

- the in-principle educational outcomes-based approach referred to in paragraph 14.
- the Hostels Specific Resource Grant referred to in paragraph 19, and in particular its relation to budget provisions on homelessness.

Actions: Secretary to the Commission

Thereafter the Commission agreed to note the report.

9. Shared risk assessment 2015/16

The Commission considered a report by the Director of Performance Audit and Best Value informing of the proposed approach to, and timetable for, the 2015/16 shared risk assessment (SRA) process.

During consideration, the Commission agreed:

- that minutes of meetings of the Strategic Scrutiny Group be submitted formally to the Commission for its interest.
- that more information be provided on the actions proposed from Exhibit 2 in the report.

Thereafter the Commission agreed to endorse the approach to, and the timetable, for the 2015/16 SRA process.

10. Local Government Benchmarking Framework

The Commission considered a report by the Secretary to the Commission, who introduced representatives of the Local Government Benchmarking Framework in attendance to update the Commission on the progress of the project.

The Chair welcomed the representatives: Elma Murray, SOLACE representative on the project board and Chief Executive of North Ayrshire Council; Councillor Michael Cook, COSLA representative on the project board and Vice-President of COSLA; Mark McAteer, Director, Governance and Performance Management, Improvement Service; and Emily Lynch, Senior Project Manager - Performance Management & Benchmarking, Improvement Service.

Following discussion, the Commission agreed:

- to commend the representatives on the progress of the project.
- to note its particular ongoing interest in roads maintenance services, given its recent reports in this regard.
- to note that the Commission's annual performance Direction would be considered at its meeting on 11 December 2014.

Thereafter the Chair thanked the representatives for their presentation.

11. Audit of Best Value (follow-up) – City of Edinburgh Council [in private]

The Commission agreed that this item be held in private to allow it to consider how to proceed in relation to a report by the Controller of Audit.

The Commission discussed how to proceed in relation to the report by the Controller of Audit on the Audit of Best Value (follow-up) – City of Edinburgh Council.

Following discussion, the Commission agreed:

- to make findings, to be published in early course.
- to seek a private meeting with the Council to explain the reasons for its decision.

12. Application of ethical standards for auditors [in private]

The Commission agreed that this item be held in private to allow it to discuss the application of ethical standards for the Commission.

The Commission considered a report by the Assistant Auditor General inviting the Commission to discuss the application of ethical standards for auditors issued by the Financial Reporting Council to its own work.

Following discussion, the Commission agreed:

- to endorse the proposals set out in the report to apply such standards to its own work.
- to update its Code of Conduct in order to reflect the measures, subject to approval by Ministers.

Actions: Secretary to the Commission

13. Commission business matters [in private]

The Commission agreed that the Chair's update on Commission business matters be held in private to allow it to discuss issues of a confidential nature relating to the operations of the Commission.

The Chair briefed the Commission on matters of interest.