

## MEETING 13 AUGUST 2015

MINUTES OF PREVIOUS MEETING

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Minutes of the 417<sup>th</sup> meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 11 June 2015, at 10.15am

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

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Anne Cairns, Manager, Audit Strategy [Item 9]  
Russell Frith, Assistant Auditor General [Item 9]  
Anne MacDonald, Senior Audit Manager, Audit Services [Items 10 and 11]  
Ronnie Nicol, Assistant Director, PABV [Items 10 and 11]  
Katherine Sibbald, Senior Manager, PABV [Items 7, 8, 10 and 11]  
Peter Worsdale, Audit Manager, PABV [Items 10 and 11]

<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 14 May 2015
5.	Update report by the Secretary to the Commission
6.	Update report by the Controller of Audit
7.	Statutory performance information 2013/14: an evaluation of Councils' responses to the 2012 direction
8.	Statutory performance information: strategy
9.	Housing and council tax benefits administration audit activity – annual report
10.	Audit of Best Value: Aberdeen City Council
11.	Audit of Best Value: Aberdeen City Council [ <i>in private</i> ]
12.	Edinburgh trams public enquiry [ <i>in private</i> ]
13.	Draft Commission annual report 2015 [ <i>in private</i> ]
14.	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:

- Alan Campbell, in item 10, as a former Chief Executive of Aberdeenshire Council and as a resident of Aberdeen.
- Ronnie Hinds, in item 12, as a former Head of Financial Services at City of Edinburgh Council and as a member of the board of Transport Initiatives Edinburgh Ltd. He played no part in the consideration of the said item.
- Tim McKay, in item 12, as a former elected member of City of Edinburgh Council.
- Christine May, in item 6, as Vice-Chair of Fife Cultural Trust.
- Linda Pollock, in item 5, as a member of the board of the Care Inspectorate.

3. Decisions on taking business in private

It was agreed that items 11 to 14 should be taken in private for the following reasons:

- Item 11 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. The Commission does this before making this decision public.
- Item 12 proposes a draft response by the Commission to the Edinburgh trams public inquiry, which the Commission is to consider before making the response public.
- Item 13 proposes a draft annual report for the Commission, which the Commission is to consider before publishing the report.
- Item 14 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required, and what it covers.

4. Minutes of meeting of 14 May 2015

The minutes of the meeting of 14 May 2015 were submitted and approved.

Arising therefrom, in relation to paragraph 9 (Council funding gaps), the Commission noted, advice from the Director of Performance Audit and Best Value that:

- The Director of Audit Services had met with CIPFA Directors of Finance section and discussed the paper, which was well received by the group.
- He would report further to the Financial Audit and Assurance Committee on issues around 'going concern'.

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 Local Government and Regeneration Committee agreed on 3 June its work programme for the next Parliamentary session. The Secretary advised the Commission of the content of the programme, and that he would advise the Committee of areas of interest to the Commission.
- In relation to paragraph 29, on the content of stage 3 amendments to the Community Empowerment Bill, which were currently being lodged, with a view to stage 3 being completed and the final Bill debated by Parliament on 17 June.
- In relation to paragraph 40, that a new administration was now in place in Aberdeenshire Council.

Thereafter, the Commission agreed to note 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.

7. Statutory performance information 2013/14: an evaluation of Councils' responses to the 2012 direction

The Commission considered a report by the Director of Performance Audit and Best Value providing a summary of how well councils had met the requirements of its Statutory Performance Information Direction 2012 in relation to the reporting of performance information, with regard to statutory performance indicators (SPI) 1 and 2 (by reporting a range of corporate management and service performance information, being sufficient to demonstrate Best Value) and SPI 3 (by reporting service performance in accordance with the requirements of the Local Government Benchmarking Framework).

During discussion, the Commission agreed:

- In relation to paragraph 17, to note advice from the Director that variations between councils would be an issue that would feed into the local government overview report.
- Further in this regard, that this issue feature in the Commission's correspondence with councils on this report.
- To also feature in the Commission's correspondence with councils on this report the Commission's view that councils should review and learn from good practice in relation to public performance reporting.
- To note that councils' response to SPI 1 and SPI 2 has continued to improve overall, in terms of their handling of public performance reporting.
- To note that all councils are complying with SPI 3, on the Local Government Benchmarking Framework, which was introduced with the Direction 2012 for performance in 2013/14.
- To note that councils' progress with responding to the areas for improvement identified in this assessment will be monitored through annual audit and Best Value processes.
- To write to all councils to:
  - report the progress that has been made in this area across the local government sector during 2014/15 offering further encouragement for

councils to make further progress with improving public performance reporting.

- advise of its ongoing consideration of its long-term strategic direction in relation to SPIs.

*Actions: Secretary to the Commission  
& Director of Performance Audit and Best Value*

#### 8. Statutory performance information - strategy

The Commission considered a report by the Director of Performance Audit and Best Value inviting the Commission to consider its overall strategy for statutory performance information in the context of the evolving maturity of the Local Government Benchmarking Framework (LGBF) and the Commission's future approach to auditing Best Value.

During discussion, the Commission agreed:

- To endorse a strategy incorporating the following principles:
  - A longer-term (four or five-year) statutory performance information Direction.
  - A recognition of the increasing maturity of, and the Commission's support for the further development of, the LGBF.
  - Addressing how additional information that the Commission requires councils to publish, beyond that specified by the LGBF, links with the Commission's Best Value interests.
  - Incorporating the assessment of councils' approaches to public performance reporting as an integral element of the new approach to auditing Best Value, rather than undertaking separate assessments of this aspect of councils' performance.
- To seek the views of COSLA, SOLACE, the Improvement Service and the LGBF Board about:
  - this strategy.
  - how they could fulfil the Commission's desire for information beyond the LGBF, as described above.
- To seek clarity through further legal advice that it is within the Commission's powers to place reliance in the LGBF.
- To note that a further report will be brought to a future meeting of the Commission with a draft SPI Direction.
- To note that a further report will consider the implications of the Commission's statutory responsibilities in relation to performance information for the Commission's interests in integration joint boards.

*Actions: Secretary to the Commission and  
Director of Performance Audit and Best Value*

9. Housing and council tax benefits administration audit activity – annual report

The Commission considered a report by the Assistant Auditor General advising of the outcome of Audit Scotland's benefits performance audit work during 2014/15. The report also provided an update on welfare reform.

During discussion, the Commission agreed:

- The report of the outcomes of the 2014/15 benefit performance audit work, subject to minor revisions raised during discussion.
- To send the report to all council chief executives and chairs of audit committees.
- That consideration be given to incorporating the following into the scope of future benefits performance audit work:
  - Annual cost of the service, including unit cost information.
  - Any implications of increased numbers of working recipients of benefits.
- That the scope of a review of good practice in benefits services be given further consideration by the Performance Audit Committee.

*Actions: Assistant Auditor General*

10. Audit of Best Value: Aberdeen City Council

The Commission considered a report by the Secretary to the Commission seeking its consideration of the Controller of Audit's report of the Best Value audit of Aberdeen City Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

11. Audit of Best Value: Aberdeen City Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the audit of Best Value in Aberdeen City Council.

Following discussion, the Commission agreed to make findings:

- To make findings, to be published on 2 July 2015.
- As part of those findings, to require the Controller of Audit to note the Commission's continuing interest in the Council and to monitor and report back if there is evidence that improvements are not being delivered or embedded.

*Actions: Secretary*

12. Edinburgh trams public enquiry [in private]

The Commission considered a report by the Director of Performance Audit and Best Value proposing a submission, made jointly with the Auditor General, to the Edinburgh Tram Public Inquiry.

Following discussion, the Commission agreed:

- The terms of the response, subject to points raised in discussion.

- To advise in the response the Commission's position that given the ongoing inquiry, there is no intention to undertake any more work with regard to the current scheme.

*Actions: Director of Performance Audit and Best Value*

13. Draft Commission Annual Report [in private]

The Commission considered a report by the Secretary to the Commission proposing the draft Annual Report for the Commission for 2014/15.

Following discussion, the Commission agreed the draft Annual Report, to be published on 24 June.

14. Commission business matters [in private]

The Chair briefed the Commission on matters of interest.

There being no further business, the meeting was closed.