

MEETING: 12 MAY 2016

MINUTES OF PREVIOUS MEETING

Minutes of the 426th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 14 April 2016, at 10.15am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Sandy Cumming
Sheila Gunn
Christine May
Stephen Moore
Alan Campbell
Pauline Weetman
Geraldine Wooley
Sophie Flemig
Tim McKay

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Antony Clark, Assistant Director, PABV [Item 8]
Mark McCabe, Senior Manager, PABV [Item 8]
Ronnie Nicol, Assistant Director, PABV [Item 12]
Kathrine Sibbald, Senior Manager, PABV [Item 12]
Mark Taylor, Assistant Director, ASG [Item 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 10 March 2016
5.	Minutes of meeting of Audit Scotland Board 26 February 2016
6.	Update report by the Secretary to the Commission
7.	Update report by the Controller of Audit
8.	National Scrutiny Plan 2016/17
9.	Draft Commission annual report
10.	Commission engagement strategy: report and update
11.	New financial powers update
12.	New approach to auditing Best Value
13.	Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Graham Sharp.

2. Declarations of interest

The following declarations of interest were made:

- Sophie Flemig, in item 7, as a resident and council tax payer in the City of Edinburgh Council area
- Sheila Gunn, in item 7, as a non-executive Director of the Wheatley Group, in relation to its relationship with the Scottish Housing Regulator
- Ronnie Hinds, in item 9, as a former chief officer of City of Edinburgh Council
- Tim McKay, in item 7, as a former elected member of City of Edinburgh Council
- Geraldine Wooley, in item 7, as a council tax payer in the City of Edinburgh Council area and having had previous business dealings with Miller Construction
- Christine May, in item 12, as a former leader of Fife Council, and in item 13, as Vice-Chair of Fife Cultural Trust, in relation to references to arm's length external organisations
- Pauline Weetman, in item 7, as a resident and council tax payer in the City of Edinburgh Council area.

3. Decisions on taking business in private

It was agreed that items 12 be taken in private as it would require discussion of proposals in relation to auditing Best Value before they are published, including consideration of comments thereon from councils and other stakeholders.

4. Minutes of meeting of 10 March 2016

The minutes of the meeting of 10 March 2016 were submitted and approved, subject to, in relation to item 9, noting advice from the Controller of Audit that police and fire pension liabilities passed to the new national police and fire bodies at reorganisation.

5. Minutes of meeting of Audit Scotland Board 26 February 2016

The minutes of the meeting of the Audit Scotland Board of 26 February 2016 were submitted and noted.

6. 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.

Following discussion, the Commission agreed:

- In relation to paragraph 20, in response to a query from Tim McKay, that further information be provided on longer term trends within the Scottish Social Attitudes Survey.

- In relation to paragraph 22, to respond to the Scottish Government consultation on the Scottish Household Survey.
- In relation to paragraph 24, in relation to a query from Stephen Moore, that further information be provided on longer-term trends in relation to the report Government Expenditure and Revenue Scotland 2014/15

Actions: Secretary

- In relation to paragraph 50:
 - to note advice from the Controller of Audit on the proposed redesign of Highland Council
 - that further information in this regard be circulated.

Action: Controller of Audit

Thereafter, the Commission agreed to note the report.

7. 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. His report included an update on the situation in relation to schools construction issues in the City of Edinburgh Council area.

8. National Scrutiny Plan 2016/17

The Commission considered a report by the Director of PABV introducing the National Scrutiny Plan for Local Government 2016/17 and its related commentary report.

Following discussion, the Commission:

- Agreed to endorse the published National Scrutiny Plan and the commentary report.
- Noted advice from the Director that:
 - there was another paper on the agenda relating to 2016/17 Best Value related audit activity in councils.
 - he would report further on auditing integration joint boards.
 - he was discussing with Her Majesty's Inspectorate of Constabulary about its plans for work around scrutiny of local accountability arrangements in relation to Police Scotland.
 - he would be reporting to the next meeting of the Commission to provide an update on the progress of the Local Government Strategic Scrutiny Group.
 - further to this, he would in future report to the Commission on the conclusion of the currently ongoing development work being undertaken by the Group.
 - he would report further on the reasons, if any, behind the fluctuating levels of scrutiny work throughout the year, particularly around November and December.
- Noted that ongoing discussion with strategic scrutiny partners includes work around citizen and service user experience, to be reflected in the National Scrutiny Plan.

Actions: Director of PABV

9. Draft Commission Annual Report

The Commission considered a report by the Secretary to the Commission on the proposals for the Commission's annual report and accompanying progress report against the Commission's annual action plan.

Following discussion, the Commission:

- Noted advice from the Director of PABV, in relation to a query from Sophie Flemig, in relation to engaging with the public in audit work.
- Approved the progress report against its annual action plan, to be published on 26 May, subject to the following revisions:
 - A revised date for considering the audit on Social Work
 - Changing to 'complete and continuing' the status of work in relation to good practice.
- Noted that an accompanying draft annual report will be submitted for approval to the next meeting of the Commission.
- Noted that draft updated Commission Strategy and annual action plan for next year will be submitted for approval to the next Commission meeting.

Actions: Secretary

10. Commission Engagement Plan: report and update

The Commission considered a report by the Secretary to the Commission proposing for publication a paper setting out progress against the Commission's Engagement Plan.

Following discussion, the Commission:

- Approved the progress report for publishing alongside the Commission's annual report and action plan update, subject to including more information on the Commission's digital and social media engagement activities.
- Noted that next year's update to the current engagement plan would be submitted for approval to the next Commission meeting in May.

Action: Secretary

Thereafter, the Commission noted the report.

11. New Financial Powers Update

The Commission considered a report by the Assistant Director of Audit Services providing an update on key developments surrounding further financial devolution, including Audit Scotland's organisational arrangements in this area.

During discussion, the Commission:

- Noted advice from the Assistant Director on the implications of the issue for Audit Scotland in relation to resources, staffing and audit activity.
- Agreed that the Assistant Director provide more information on the Scottish Fiscal Commission.
- Agreed that the Assistant Director further consider the potential interest of the Commission in capital allocations to councils.

- Noted advice from the Assistant Director in relation to ongoing discussions with the Scottish Government on the potential role of audit in relation to compliance with the limits set out in the fiscal framework agreement and the overall sustainability of the Scottish public finances.
- Noted advice from the Assistant Director that he would continue to update the Commission on developments.

Action: Assistant Director ASG

Thereafter, the Commission noted the update report.

12. New Approach to Auditing Best Value [in private]

The Commission considered a report by the Director of PABV providing an update to the Commission on the work underway to develop and implement the new approach to auditing Best Value.

During discussion, the Commission:

- Noted the progress made on developing the new approach to auditing Best Value.
- Noted the results of discussions on the exercise to refresh the Statutory Guidance and agree that the Commission meet the Scottish Government and COSLA to press the case for the exercise to be expedited.

Action: Secretary

- Agreed that further consideration to the paper be given at a workshop event involving Commission members, with focus on specific aspects of the papers as raised in discussion.

Action: Secretary and Director of PABV

Thereafter, the Commission noted the report.

13. Commission business matters

There being no further business, the meeting was closed.