

**MEETING: 6 DECEMBER 2018**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the 451<sup>st</sup> meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 8 November 2018, at 10.15am

PRESENT: Graham Sharp (Chair)  
 Andrew Burns  
 Alan Campbell  
 Andrew Cowie  
 Sharon O'Connor  
 Sophie Flemig  
 Sheila Gunn  
 Stephen Moore  
 Tim McKay  
 Ronnie Hinds  
 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)  
 John Boyd, Senior Manager, Grant Thornton [Items 9 and 10]  
 Joanne Brown, Director, Public Sector Assurance, Grant Thornton [Items 9 and 10]  
 Brian Howarth, Audit Director, Audit Services [Item 11]  
 Ashleigh Madjitey, Senior Auditor, PABV [Item 11]  
 Tricia Meldrum, Senior Manager, PABV [Items 9 and 10]  
 Kathrine Sibbald, Audit Manager, PABV [Item 11]  
 Sally Thompson, Audit Manager, PABV [Items 9 and 10]

Item No    Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 11 October 2018
5. Audit Scotland Board update
6. Update report by the Secretary to the Accounts Commission
7. Update report by the Controller of Audit
8. Statutory performance information: 2018 Direction
9. Best Value Assurance Report: Dumfries and Galloway
10. Best Value Assurance Report: Dumfries and Galloway
11. Local government in Scotland financial overview: draft report
12. Mid-Year strategy seminar: outputs and actions
13. Commission business matters

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 11, as a member of Fife Valuation Appeal Committee, in relation to references to non-domestic rates.

3. Decisions on taking business in private

It was agreed that items 10 to 12 be considered in private because:

- Item 10 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 11 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 12 is likely to include consideration of confidential policy matters.

No business was notified by members for item 13 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 11 October 2018 were approved as a correct record, subject to noting the inclusion of Stephen Moore in the list of those present.

5. Audit Scotland Board update

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

During discussion, the Commission agreed:

- That members be provided with a copy of the report considered by the Board on audit quality and reputational risk.
- That members be given access to online British Sign Language training.

*Action: Secretary*

6. 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 response to a query from Alan Campbell about contractual dispute issues associated with the Aberdeen Western Peripheral Route, noted advice from the Director of PABV that managing capital projects would be a focus of the ongoing performance audit "Revenue financing of assets: the Non-profit distributing (NPD) and Hub models", the scope of which will be considered by the Performance Audit Committee at its next meeting on 22 November.
- In relation to paragraph 39 and in response to a query from Geraldine Wooley, noted advice from the Director of PABV that he would report further on how data on childhood poverty is collected.

- In relation to paragraph 42 and in relation to a query from Sophie Flemig, noted advice from the Director of PABV that matters around rent arrears and Universal Credit will be considered by the Commission in the context of its benefits administration work, to be considered at its December meeting.
- In relation to paragraph 64 and in response to a query from Stephen Moore, noted advice from the Director of PABV that information on the implications of the UK government's 2018 budget on the Scottish budget would be included in the briefing in this regard, to be considered by the Commission at its January meeting.
- In relation to paragraphs 64 and 82 and in response to a query from Tim McKay, agreed that further information be provided on the implications of the UK budget on English local authority funding.
- In relation to paragraph 79 and in response to a query from Alan Campbell, noted advice from the Director of PABV that housing strategy in Scotland would be considered as part of scoping and options for forthcoming performance audit work, to be considered by the Performance Audit Committee at its next meeting on 22 November.

*Actions: Director of PABV*

Following discussion, the Commission agreed to note the report.

7. Update report by the Controller of Audit

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

8. Statutory Performance Information: 2018 Direction

The Commission noted a report by the Secretary proposing a draft 2018 statutory performance information direction to act as a basis for consultation with stakeholders with a view to subsequent publication by the Commission.

During discussion, the Commission:

- Noted the outcome of the review of councils' progress against the requirements of the 2015 SPI Direction and of informal consultation with stakeholders as part of this review.
- Endorsed the overall finding of the review that:
  - Councils are responding well to the 2015 Direction and therefore there is a strong case for maintaining the strategy of the Commission that it uses its powers in the 1992 Act to continue to encourage sector-led improvement through a descriptive rather than prescriptive approach.
  - Councils all report, to varying degrees, performance information that can be compared over time and across different bodies, but nevertheless, there is significant variation in the degree to which councils are satisfying the requirements of the Direction.
- Agreed the terms of the proposed three-year Direction, to be applied first in the year ending 31 March 2020, as a basis of formal consultation with stakeholders.
- Agreed to consider the results of this consultation and a draft Direction at its December meeting, with a view to publishing the new Direction by the end of the year.
- Agreed to request the Scottish Government to expedite the refresh of current

Best Value statutory guidance.

*Actions: Secretary*

9. Best Value Assurance Report: Dumfries and Galloway Council

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

Following discussion, the Commission agreed to consider in private how to proceed.

10. Best Value Assurance Report: Dumfries and Council [in private]

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

Following discussion, the Commission agreed to make findings, to be published on 22 November 2018.

*Action: Secretary*

11. Local Government Financial Overview 2017/18: draft report [in private]

The Committee considered a report by the Director of PABV proposing the draft local government financial overview 2018, the process for finalising the report, and publication arrangements for the report.

During discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Graham Sharp and Ronnie Hinds.
- That the audit team agree the content of the supplement on pension fund accounts and governance and performance in 2017/18 in conjunction with the sponsors.

*Actions: Director of PABV*

- To approve the publication and promotion arrangements for the report.

*Actions: Secretary and Director of PABV*

12. Mid-year strategy seminar: outputs and actions

The Commission considered a report providing a summary of the proceedings of the recent mid-year strategy seminar and proposing a series of outputs and actions agreed at the event to be taken forward.

During discussion, the Commission:

- Agreed the series of actions set out in the report.
- Noted that the Secretary and Director of PABV / Controller of Audit will take forward the actions and report back as appropriate.

*Action: Secretary and Director of PABV / Controller of Audit*

13. Commission business matters

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