

MEETING: 7 FEBRUARY 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 453rd meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 10 January 2019, at 10.15am

PRESENT: Graham Sharp (Chair)
 Andrew Burns
 Andrew Cowie
 Sophie Flemig
 Sheila Gunn
 Ronnie Hinds
 Christine Lester
 Tim McKay
 Stephen Moore
 Sharon O'Connor
 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)
 Mark McCabe, Audit Manager, PABV (Item 10)
 Zahrah Mahmood, Senior Auditor, Audit Services (Item 8)
 Richard Robinson, Senior Manager, PABV (Item 9)
 Kathrine Sibbald, Audit Manager, PABV (Item 8)
 Claire Sweeney, Audit Director, PABV (Items 8 and 10)

<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 6 December 2018
5.	Audit Scotland Board verbal update
6.	Update report by the Secretary of the Commission
7.	Update report by the Controller of Audit
8.	Annual Assurance and Risk Report
9.	Briefing: the 2019/20 Budget
10.	Strategic Scrutiny Group update
11.	Commission business matters

1. Apologies for absence

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

2. Declarations of interest

The following declarations of interest was made:

- Ronnie Hinds, in item 8, as a former chief executive of Fife Council, in relation to references to the Dunfermline Flood Prevention Scheme.
- Stephen Moore, in item 8, as a former chief officer of Fife Council, in relation to references to the Dunfermline Flood Prevention Scheme.

3. Decisions on taking business in private

It was agreed that item 10 be considered in private because it presents an update on discussions with strategic scrutiny partners which may include confidential policy matters that the Commission would wish to discuss in private before proceeding.

No business was notified by members for item 11 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 6 December 2018

The minutes of the meeting of 6 December 2018 were approved as a correct record.

Arising therefrom:

- In relation to item 4 (first bullet point), the Commission noted advice from the Director of PABV that further information on matters around rent arrears and Universal Credit would be provided at the next meeting.

Action: Director of PABV

- In relation to item 4 (second bullet point), the Commission noted advice from the Director that he would discuss with the Secretary how best to ensure the Commission is kept apprised of English local authority funding.

Action: Director of PABV

- In relation to item 8 (fourth bullet point), the Commission noted advice from the Secretary that information on levels of full-day nursery care in Scotland were set out in his update report to the Commission.
- In relation to item 8 (fifth bullet point), the Commission noted advice from the Director of PABV that there was some potential impact on Scottish public services of current financial difficulties being experienced by Allied Healthcare, although service provision in Scotland by the company is relatively limited, and the matter of social care sustainability would be subject of a proposed performance audit in 2020/21 as part of the Commission's work programme.
- In relation to item 10, the Commission noted advice from the Secretary that its Statutory Performance Information Direction was published on 18 December 2018.
- In relation to item 12 (third bullet point), the Commission noted advice from the Secretary that letters had been sent to chief executives and trade union stakeholders seeking their views on the proposed refresh of the work programme, a report on which would be considered at its next meeting.

5. Audit Scotland Board verbal update

The Chair advised that the minutes of the most recent meeting of the Audit Scotland Board on 28 November 2018 were not yet available. He therefore provided a verbal update on the business discussed at that meeting.

The Commission noted the update.

6. Update report by the Secretary to the 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 relation to paragraph 40, noted advice from the Secretary that the 2017/18 audit of the Scottish Government's consolidated accounts was an Auditor General report, and not a joint report as stated.
- In relation to paragraph 31, and in response to a query from Stephen Moore, agreed that further information on the Scottish employment rate be provided.

Action: Secretary

- In relation to paragraph 37, noted advice from the Secretary that the Commission had provided the Local Government and Communities Committee with the information that it had requested, which had been shared with Commission members on their online portal.
- In relation to paragraph 38, noted advice from the Secretary that he was discussing with the clerk of the Local Government and Communities Committee any Commission input into its proposed evidence sessions set out in the Committee's work plan.
- In relation to paragraph 44, and in response to a query from Sheila Gunn, agreed that the Secretary further consider the appropriateness of a response to the consultation by the Scottish Parliament's Economy, Energy and Fair Work Committee on the construction sector in Scotland.

Action: Secretary

- In relation to paragraph 47, and in response to a query from Stephen Moore, noted advice from the Secretary that the Improvement Service project to support councils on transformation was still at an early stage, and thus the Commission would monitor developments in this regard.

Action: Secretary

- In relation to paragraph 52, noted advice from the Controller of Audit that City of Edinburgh Council had approved a settlement agreement with Edinburgh Schools Partnership, further details on which he would report to the Financial Audit and Assurance Committee at its next meeting.

Action: Controller of Audit

- In relation to paragraph 64, noted advice from the Secretary that the UK Secretary of State for Local Government announced the provisional local government settlement on 13 December, upon which he would report further in his next update report.

- In relation to paragraph 75, and in response to a query from Tim McKay, agreed that further information be provided on bed occupancy rates in Scotland.

Action: Secretary

Thereafter, the Commission noted 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.

During discussion, the Commission noted advice from the Secretary that letters sent by the Controller of Audit to each council and integration joint board chief executive advising of the outcome of his review of annual audit reports had been placed on the members' online portal.

8. Annual Assurance and Risk Reports

The Commission considered a report by the Secretary introducing the Controller of Audit's Annual Assurance and Risks Report (AARR).

During discussion, the Commission:

- Agreed that as part of its discussions around its refreshed strategy, it consider:
 - Progress made by councils in relation to shared services.
 - Its approach to auditing and reporting upon the performance of health and social care integration joint boards.
 - Its approach to auditing and reporting upon transformation, including how good practice in this regard is identified.
 - How its approach to auditing digital transformation fits with its strategic audit priorities.
 - Its approach to auditing and reporting upon councils' risk appetite in reshaping their services.
- In relation to paragraph 19, agreed that:
 - It considers at its forthcoming Strategy Seminar the observations made by the Controller of Audit on its strategic audit priorities.
 - Specifically, in relation to its approach to auditing and reporting upon councils' approach to community empowerment, to further discuss the matter with the Controller of Audit and engage with other stakeholders such as the Improvement Service.
- In relation to paragraph 34, agreed that:
 - It states in its local government overview report its firm view that a vacancy for council chief executive should be subject to external and open competition.
 - Such a view feature in the next iteration of annual planning guidance for auditors.

Actions: Secretary

Following discussion, the Commission agreed to endorse the Annual Audit and Assurance Report and thereby the assurance provided by the Controller of Audit on his reporting to the Commission of matters arising in audit work.

9. Briefing: The 2019/20 Budget

The Commission considered a report by the Director of PABV providing a briefing on the Scottish Government's Budget 2019/20, highlighting some of the key implications for local government finances

During discussion, the Commission, in relation to paragraphs 11 and 17 of the briefing paper, agreed that further information be provided on the funding and spending figures presented in the budget.

Action: Director of PABV

Thereafter, the Commission noted the report.

10. Strategic Scrutiny Group update

The Commission considered a report by the Director of PABV updating the Commission on the work of the Strategic Scrutiny Group.

During discussion, the Commission:

- Endorsed the recommendations set out in the report for consideration by the Strategic Scrutiny Group.
- Noted advice from the Director that an update on such consideration, to be done by the Strategic Scrutiny Group initially at its next meeting in February, will be made to the Commission at its March meeting.
- Agreed further in this regard that further consideration be given at that time as to how to engage with council and government stakeholders regarding progress.
- Agreed that further information be provided, particularly for use by new members, on the governance and planning process involved in strategic scrutiny.

Actions: Director of PABV

Thereafter, the Commission noted the report.

11. Commission business matters

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