

MEETING: 13 APRIL 2017

MINUTES OF PREVIOUS MEETING

Minutes of the 434th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 9 March 2017, at 10.15am

PRESENT: Ronnie Hinds (in the chair)
 Sophie Flemig
 Sheila Gunn
 Tim McKay
 Christine May
 Stephen Moore
 Graham Sharp
 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)
 Antony Clark, Assistant Director, PABV [Item 13]
 Diane McGiffen, Chief Operating Officer, Audit Scotland [Items 7 and 8]
 Fiona Mitchell-Knight, Assistant Director, Audit Services [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 9 February 2017
5.	Minutes of meeting of Financial and Audit Assurance Committee 23 February 2017
6.	Minutes of meeting of Performance Audit Committee 23 February 2017
7.	Minutes of meeting of Audit Scotland Board 20 January 2017
8.	Audit Scotland Board Update
9.	Update report by the Secretary to the Accounts Commission
10.	Update report by the Controller of Audit
11.	Auditing Best Value: progress report
12.	Local Government Benchmarking Framework Annual Report
13.	Work Programme: Outputs from consultation with stakeholders
14.	Commission business matters

Opening remarks

Ronnie Hinds advised that members had received a personal individual communication from Douglas Sinclair intimating that he had retired as Chair of the Commission on 8 March due to ill health. Ronnie Hinds paid tribute to the service made by Mr Sinclair to the Commission since 2007, in his roles of member, then Deputy Chair, and then Chair. He thanked Mr Sinclair for the commitment that he brought to his roles, and to the development of the Commission during his time in office. He also acknowledged Mr Sinclair's long career in local government. The Commission intimated its agreement with Mr Hinds' comments.

Ronnie Hinds then advised the Commission that he would chair the meeting, and advised that the Secretary would inform the Commission in due course about the role of Acting Chair of the Commission.

1. Apologies for absence

It was noted that apologies for absence had been received from Alan Campbell and Sandy Cumming.

2. Declarations of interest

The following declarations of interest were made:

- Sheila Gunn, in item 12, as a non-executive Director of the Wheatley Group, concerning its relationship with Glasgow City Council.
- Christine May, in items 9, 12 and 13, as Chair of Fife Cultural Trust, in relation to references to arm's length external organisations.
- Geraldine Wooley, in item 9, as a member of Fife Valuation Appeal Committee, in relation to references to the Council Tax.

3. Decisions on taking business in private

It was agreed that Item 13 be taken in private, as it would require discussion of the draft Work Programme before it is published, including consideration of comments thereon from councils and other stakeholders.

The Deputy Chair advised that there was no business for item 14 and thus would not require discussion.

4. Minutes of meeting of 9 February 2017

The minutes of the meeting of 9 February 2017 were approved as a correct record.

5. Minutes of meeting of Financial Audit and Assurance Committee 23 February 2017

The minutes of the meeting of the Financial Audit and Assurance Committee of 23 February 2017 were approved as a correct record, subject to including Ronnie Hinds as being among those present at the meeting.

With reference to item 4, the Commission noted that the Committee, on advice from the Controller of Audit that he expects assessment of the robustness of option appraisal to feature in annual audit work, agreed to recommend to the Commission that such a matter continue to be considered for future performance audit or related work.

The Commission accepted the recommendation.

6. Minutes of meeting of Performance Audit Committee 23 February 2017

The minutes of the meeting of the Performance Audit Committee of 23 February 2017 were approved as a correct record.

7. Minutes of meeting of Audit Scotland Board 20 January 2017

The minutes of the meeting of the Audit Scotland Board of 20 January 2017 were noted.

During discussion, the Commission noted advice from Diane McGiffen:

- In relation to items 11 and 18, arising from a query from Geraldine Wooley, that the Commission would further consider Audit Scotland's approach to 'securing world class audit' when it considers Audit Scotland's revised Corporate Plan at a forthcoming meeting.
- In relation to item 13, arising from a query from Ronnie Hinds, that the outputs from the 'Making a Difference: Demonstrating Value for Money' initiative would be reflected in the ongoing approach being taken to auditing Best Value.

8. Audit Scotland Board Update

Diane McGiffen provided a verbal update on recent Audit Scotland Board activity.

9. 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 agreed:

- In relation to paragraph 7, to approve a response to the Scottish Government consultation proposing changes to the Councillors' Code of Conduct, subject to changes agreed in the discussion.
 - *Action: Secretary*
- In relation to paragraph 11, arising from a query by Ronnie Hinds, to note advice from the Controller of Audit that he was holding a meeting with the Scottish Government and local government representatives to discuss audit and accountability issues around the Pupil Equity Funding initiative.
- In relation to paragraph 15, that the Controller of Audit retain a watching brief on the impact on councils of business rates revaluation, such as in relation to appeals against valuations.

Following discussion, the Commission agreed to note the report.

10. 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.

During discussion, the Commission noted advice from the Controller of Audit that he and the Assistant Auditor General would be meeting Aberdeen City Council to discuss audit issues around the Council's index-linked capital bond arrangement.

Following discussion, the Commission noted the update.

11. Auditing Best Value: progress report

The Commission considered a report by the Director of PABV updating the Commission on progress with the new approach to auditing Best Value.

Following discussion, the Commission:

- Noted the progress made.
- Noted that the Best Value Working Group would continue to consider matters in relation to the development and implementation of the approach, referring matters to the Commission for its decision as appropriate.
- Endorsed a publication timetable for all Best Value Assurance Reports to be reported by January 2018, with the scheduling of individual reports to be determined by the Controller of Audit.
- Endorsed the proposed tranche of councils for year two.

Actions: Controller of Audit and Secretary

12. Local Government Benchmarking Framework Annual Report

The Commission considered a report by the Secretary to the Commission advising the Commission of the publication of the Local Government Benchmarking Framework (LGBF) Overview Report for the year 2015/16.

During discussion, the Commission:

- Noted the publication of the LGBF Overview Report for 2015/16 and the accompanying press release.
- Noted the continuing dialogue between the Commission and the LGBF board, and the progress being made in taking forward the Commission's previously stated views on the further development of the project.
- Further in this regard, that a meeting be set up between the Commission and the project board to review progress and to discuss specifically the Commission's interest in:
 - Further progress with developing customer satisfaction measures
 - The use of benchmarking data by council 'family groups' and by professional groups
 - Developing a richer understanding of the reasons for the variations between councils in performance and costs.

• Action: Secretary

- Note that Audit Scotland will be considering further the implications of the report on its work.
- Further in this regard, in response to a query from Christine May, to note advice from the Controller of Audit that auditors were expected to consider the framework as part of financial audit and Best Value auditing work.

13. Work Programme: Outputs from consultation with stakeholders [in private]

The Commission considered a report by the Secretary to the Commission setting out the responses to the recent consultation on the joint work programme 2016/17 – 2020/21 and seeking the Commission's approval of the programme.

During discussion, the Commission:

- Noted advice from the Director of PABV about his considering audit and accountability issues in relation to the Pupil Equity Funding initiative, in relation to which he would keep the Commission informed of developments.
- Agreed that issues around commercial activities of councils in identifying new income streams be considered in scoping for the proposed performance audit on innovative funding.
- Agreed that audit coverage of integrated children's services remain under consideration in programme development activity, and be subject to discussion with scrutiny partners through the Strategic Scrutiny Group.
- Agreed that services such as environmental health, trading standards, planning and libraries continue to be monitored through programme development activity and in the new approach to auditing Best Value.
- Noted advice from the Director of PABV that involvement of staff in improvement and redesign of services was an important line of enquiry in the new approach to auditing Best Value.
- Agreed that 'alternative outputs' be referred to as 'additional outputs' where appropriate.
- Approved the programme of work, subject to liaison with the Auditor General for Scotland in relation to any joint audit work
- Endorsed the proposed publication and communication arrangements, including responding individually to all councils, publishing on the website, and sharing with stakeholders including Ministers, MSPs and Scottish Parliamentary committees.
- Agreed to discuss the programme with scrutiny partners through the Strategic Scrutiny Group.
- Agreed to consider how it engages with stakeholders on its work programme at its forthcoming Strategy Seminar.

Actions: Secretary and Director of PABV

14. Commission business matters

There was no business for this item.

Thereafter, the meeting was closed.