

Minutes and matters arising from previous meeting

Secretary to the Accounts Commission

Item 4
Meeting date: 9 November 2023

Purpose

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

Recommendations

2. The Commission is asked to:
 - Approve the attached draft minute of its previous meeting.
 - Consider any matters arising from the draft minute.

Minutes

3. The minute of the previous meeting is in Appendix 1.
4. Members should note that the action tracker – available on the member SharePoint site and provided to members monthly – provides updates on progress from previous meetings.

Minutes

Thursday 12 October 2023, 9.30am

Audit Scotland offices, 102 West Port, Edinburgh, and
online via Microsoft Teams

503rd meeting of the Accounts Commission

Present:

Ronnie Hinds (Interim Chair)
Malcolm Bell
Nichola Brown
Andrew Burns
Andrew Cowie
Jennifer Henderson
Christine Lester
Angela Leitch
Ruth MacLeod
Mike Neilson
Derek Yule

In attendance:

Helena Gray, Controller of Audit
Allan Campbell, Secretary to the Accounts Commission
Fiona Mitchell Knight, Audit Director (items 5 and 12)
Andrew Kerr, Senior Audit Manager, Audit Services (items 5 and 12)
Corrinne Forsyth, Audit Manager, Performance Audit and Best Value (items 5 and 12)
Joe Chapman, Policy Manager (item 6)
Sarah Gadsden, Chief Executive Improvement Service (item 6)
Councillor Shona Morrison, Chair, Improvement Service (item 6)
Stephen Boyle, Auditor General for Scotland (item 9)
Antony Clark, Executive Director of Performance Audit and Best Value (items 6 and 13)
Lucy Jones, Audit Manager, Performance Audit and Best Value (item 13)
Blyth Deans, Senior Manager, Performance Audit and Best Value (item 13)
Joanna Mansell, Communications Adviser (item 13)
Lorna Munro, Senior Auditor, Performance Audit and Best Value (item 13)
Andrew Dixon, Audit Officer, Performance Audit and Best Value (item 13)
Vicki Bibby, Chief Operating Officer (item 14)
Stuart Dennis, Corporate Finance Manager (item 14)

1. Apologies for absence

It was noted that apologies for absence had been received from Carol Evans.

2. Declaration of connections

The following declarations of connection were noted:

- Malcolm Bell, in relation to item 6, as a previous Board member of the Improvement Service. His past role was not a sufficiently material connection to the subject matter under discussion.

3. Order of business

It was agreed that the following items be considered in private:

- Items 9 to 15, as they required the Commission to consider confidential policy matters.

4. Minutes of meeting of 13 September 2023

The Commission considered a report by the Secretary presenting the minutes of the meeting of 13 September 2023, including a summary of business arising from the minutes.

With no further comments, the minutes of the meeting were approved as a correct record.

5. Best Value in South Ayrshire Council

The Commission considered a report by the Controller of Audit on Best Value in South Ayrshire Council.

During discussion,

- The Controller of Audit introduced the paper, highlighting that the pace of improvement in the Council has been slow. It was acknowledged that a new executive structure has been agreed and implemented and that there is a strong need to improve the Council's self-evaluation and performance reporting. However, in relation to many aspects of the Council's response to the recommendations in the previous Best Value report, and regarding many of the issues raised by Commission members, it was stated that it was too early to make firm judgements as the Council's work is still ongoing or at an early stage.
- It was recognised that the Council has medium-term and long-term financial strategies which are kept under regular review, and a record of achieving balanced budgets and savings targets. The Controller of Audit and the audit team emphasised that the transformation programme is just one part of the Council's response to financial challenges, alongside rationalisation of its estate, investment in tourism, collaboration with local partners through the Ayrshire Growth Deal, and use of financial flexibilities to spread required costs and savings.
- The audit team confirmed that the Council had yet to set out the expected cashable benefits for all of the 14 projects that remained in the transformation programme – partly due to staff absences – with the business case for 1 project due early in the new year but updates still awaited for all others. The audit team also explained the rationale and progress of the senior management restructure, which is now complete with the appointment of the new Chief Executive this month. It was created in response to a recommendation in the 2021 Best Value Assurance Report on the capacity and skills required to increase its pace of improvement.
- A number of concerns were discussed regarding the Council's performance reporting. The audit team confirmed that the Council had agreed to the related recommendations in the previous Best Value report, albeit they decided not to implement targets retrospectively but to focus on introducing them going forward. Regarding timescales for improvements to self-evaluation and public reporting, the Controller of Audit confirmed these are underway and will be an area where the audit team will continue to monitor progress.

After discussion, the Commission agreed to consider in private how to respond to the report.

6. Strategic Alliance with Improvement Service: annual review

The Commission considered a report by the Policy Manager on the annual review of the Strategic Alliance between the Accounts Commission and the Improvement Service (IS).

During discussion,

- Sarah Gadsden, Chief Executive of IS, provided an update on the IS Board's consideration and endorsement of the content of the review, as well as about ongoing work in relation to the Local Government Benchmarking Framework (LGBF), and the joint programme of work between the IS and SOLACE supporting local government transformation, linked to their joint report on 'Delivering a future for Scottish local authorities: the challenges they face, the questions that need asking and a model for the future'.
- The relationship between the Strategic Alliance and the forthcoming development of the Commission's 2024 Statutory Performance Information (SPI) Direction was highlighted, including a need to consider the underlying purpose of the Direction in the context of the Verity House Agreement and what role it can play in supporting improvement – members agreed there is scope for a more assertive and proactive approach to the use of the LGBF. A need to boost the profile of the Alliance among stakeholders was also discussed.
- It was suggested that the Commission and IS could work together to produce a plan of actions to take forward the general direction indicated in the review paper. A co-hosted roundtable event on public service reform and transformation was suggested as a possible addition to the proposed programme of joint work alongside the joint webinars on performance management and the Commission's recently published Best Value legacy report which are already planned. It was noted that a joint output could result from the potential joint event on public service reform as has been done in the past.

Action – Secretary to the Commission & Executive Director of PABV

Following discussion:

- The Commission agreed the recommendations in the report.
- It was agreed that the Joint Statement of Intent would be reviewed and if necessary updated, prior to being re-signed by the current Chair of the IS Board and incoming Chair of the Commission.
- It was agreed that Ronnie Hinds would attend an IS Board meeting before the end of his term as Interim Chair, alongside another Commission member.

Action – Commission Support Team

7. Secretary's update report

The Commission considered a report by the Secretary to the Accounts Commission providing an update on significant recent activity relating to local government.

During discussion,

- Christine Lester updated members on her recent attendance at the Public Audit Committee (PAC) regarding the Adult Mental Health joint report with the Auditor General for Scotland. It was agreed the Commission should discuss further how it is represented at the PAC and who should attend for future joint reports.

Action – Secretary to the Commission

- It was advised that the Commission Support Team also monitors UK Government consultations for any matters that may be relevant to, or have implications for, local government in Scotland.

Following discussion:

- It was agreed that the Commission should formally respond to the Healthcare in Remote and Rural Areas consultation referred to in paragraph 39.3, and that the Executive Director of Performance Audit and Best Value (PABV) should consider whether to respond to the other consultations and draft responses as appropriate.
- The draft response to the ‘Democracy Matters’ consultation will be shared with members via correspondence.

Action – Secretary to the Commission

8. Any other public business

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

9. Auditor General for Scotland update

The Commission considered a verbal update by the Auditor General for Scotland (AGS) on recent and upcoming activity.

During discussion, the AGS:

- Congratulated the four newly appointed Accounts Commission members.
- Welcomed the collective agreement of the renewal of the Public Audit in Scotland model by the Audit Scotland Board, AGS and the Accounts Commission, and highlighted the strength of the model, of which there is no comparable equivalent elsewhere in the UK. It was also highlighted that the respective bodies’ priorities are broadly aligned.
- Referred to the upcoming discussion on the Partnership Working Framework, emphasising that partnership working is already evident through joint reporting and the joint work programme. The AGS shared very positive feedback received from the Convener of the Public Audit Committee in relation to the Adult Mental Health audit and stated that this and the Early Learning and Childcare are already having an impact.
- Updated the Commission on the external environment including post-Brexit and post-Covid recovery. The AGS advised ‘*Sustainability of Services*’ will be the theme for the next 24-month period of AGS reports. It was agreed there has not been evidence of a long-term plan to deliver savings across the next decade.
- Discussed the evolution of Best Value and how the new round of Controller of Audit reports demonstrate the flexibility and adaptability of the new Best Value approach. The AGS also reflected on consideration of his own powers in relation to Best Value, alongside use of the annual audit reports in the sectors that he reports on.

- Advised the challenges with audit delivery in other areas of the UK, highlighting that the Scottish results are positive in comparison. It was advised the audit market is under pressure and could potentially be evident in the next audit appointment round.
- Agreed together with the Commission that the Verity House Agreement provides an opportunity for decisions to be made where they can make maximum difference.

Following discussion, the Commission:

- Agreed that it is positive to reflect on the successes of the Best Value programme, however noted there must be continuous and sustained progress.
- Noted the challenges for the public in understanding public sector accounts.

10. Chair's update report

The Commission considered a report by the Chair providing an update on recent and upcoming activity.

Following discussion, the Commission:

- Noted the report.

11. Controller of Audit's update report

The Commission considered a report by the Controller of Audit providing an update on recent and upcoming activity.

During discussion,

- The Controller of Audit discussed the content of the COSLA (Convention of Scottish Local Authorities) and SOLACE (Society of Local Authority Chief Executives) conferences.

Following discussion:

- Members noted the report.
- In relation to the COSLA and SOLACE conferences, it was agreed to evaluate if the Accounts Commission should have a presence at future conferences.
- In relation to paragraph 11, the Controller of Audit noted that information on debt levels is collated as part of the work to develop the Local Government financial bulletin.

12. Best Value in South Ayrshire Council

The Commission considered its response to the report by the Controller of Audit on Best Value in South Ayrshire Council.

Following discussion, the Commission agreed to make findings to be published on 2 November 2023; those findings would be delegated to the Interim Chair and the Secretary on behalf of the Commission for development and final sign off.

Action: Interim Chair and Secretary to the Commission

It was agreed that the findings would reflect the following general points:

- Recognising the Council's effective financial management including delivering balanced budgets, meeting savings targets, and maintaining medium- and long-term financial strategies, while underlining the decisive action needed to continue to ensure sound finances and good public services.
- Acknowledging some progress since the last Best Value report but expressing concern around the pace of progress, including with the transformation programme and development of a corporate approach to self-evaluation.
- Expressing particular concerns around performance management and performance reporting within the Council, and to the public as required by the Commission's Statutory Performance Information direction.
- Recognising the intent behind the new senior management structure, to ensure sufficient leadership capacity, but emphasising that the new team needs to now deliver at pace.

13. Proposed new approach to future local government overview reporting

The Commission considered a paper by the Executive Director of PABV on a proposed new approach to future local government overview reporting.

During discussion,

- The Executive Director of PABV acknowledged the Controller of Audit's concern about the proposed timing of the national Best Value thematic report but indicated that the audit team and he were confident that with careful handling these risks could be mitigated effectively.
- The Executive Director of PABV confirmed that sufficient resources were available to deliver the proposed wider range of LGO reporting work set out in the paper but that there would be an opportunity cost to agreeing these proposals as this would give the Commission less flexibility in future in relation to other elements of the dynamic work programme. It was noted that the Commission may want to consider the impact of any decisions it made today as part of the work programme stocktake review report in December.
- In response to a query about the choice of homelessness as the first service spotlight focus in 2024 despite this not being as significant an issue for some councils compared to others, it was explained that this topic had been highlighted by local government stakeholders as a significant cross-cutting challenge across the sector. It was noted that the proposed spotlight work would look at management of homelessness as a partnership process rather focusing solely on specific local government homelessness services.
- Regarding potential overlap with the Local Government Benchmarking Framework, it was explained that the intention is to provide independent Commission commentary on key messages arising from the LGBF and other data linked to the Commission's key priority areas of interest which complements but does not duplicate the separate IS/SOLACE national LGBF reporting.

- The Commission noted the need to think flexibly about how sponsors are allocated to the various pieces of work linked to the new enhanced multi-faceted approach to local government overview reporting. One option put forward was of having a pool of sponsors to draw on in this area.

Following discussion, the Commission

- Endorsed the new strategic approach to future local government overview reporting as outlined in the paper.
- Approved the proposed scope of work and governance arrangements for the new programme of work as described in appendices 2 and 3 of the report, with consideration to be given to the role of the Committees.
- Noted that the introduction of the new approach will require a transitional period and further updates on implementation will be brought to a future Commission meeting.
- Agreed to review the new approach to local government overview reporting after 2 years.

14. 2024/25 Budget Proposals

The Commission considered an update by the Chief Operating Officer on the 2024/25 Budget Proposals.

During discussion,

- Vicki Bibby advised there had been prior engagement with Ronnie Hinds, Andrew Burns and Jennifer Henderson, and provided a summary of the Accounts Commission budget, outlined in the report. It was agreed that the budget line for livestreaming should be removed following the success of the October meeting.
- Vicki Bibby advised that, at the time of the meeting, the current pay offer had not been accepted by the PCS union and represented the largest budgetary risk.
- It was advised that the Estate Strategy would deliver savings whilst increasing office capacity in Glasgow, where office utilisation is higher than Edinburgh, for which negotiations on the office configuration are in progress.
- Commission members agreed that the presentation of Audit Scotland's budget to the Scottish Commission for Public Audit will be crucial in explaining any additional resource requests.

Following discussion, the Commission

- Noted the report.
- Agreed to remove the budgetary line for livestreaming following testing of the new AV equipment in EH1 & EH2.

15. Any other private business

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

16. Close of meeting

The meeting closed at 1.30 pm.