

**Note of the Audit and Advisory Committee (AAC) Meeting  
held on 24 November 2015**

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*Committee:*

Tom Frawley	Chair
Douglas Sinclair	
Heather Logan	

*In attendance:*

Internal Auditor	Nick MacDonald, SLAB
External Auditor	Patricia Fraser, Audit Scotland;
Jim Martin	Ombudsman
Niki Maclean	Director
Emma Gray	Head of Policy and External Communications
Paul McFadden	Head of Complaints Standards
Rachel Nicholson	Executive Casework Officer
Fiona Paterson	Senior Personal Assistant (minute taker for open meeting)
Elizabeth Derrington	Independent Service Complaints Reviewer

*Apologies: Gillian Woolman, Audit Scotland*

1. The AAC convened at 09:30 and were briefed by the Ombudsman . The AAC meeting began at 10:30.
2. The Chair noted there were no matters identified in the briefing with the Ombudsman that required to be included in the agenda of the AAC meeting.
3. The Chair welcomed Elizabeth Derrington, the SPSO's Independent Complaints Reviewer to her first meeting of the Committee.
4. The Chair reported to the meeting that Douglas Sinclair had indicated his intention to resign because he believed his membership of the Committee might be perceived to be in conflict with his role as Chair of the Accounts Commission. The Chair went on to acknowledge Douglas's outstanding contribution to the Committee, indicating his wise counsel and guidance would be greatly missed.
5. Declarations of interest were recorded from Heather Logan and Douglas Sinclair in relation to their membership of the Board of Audit Scotland.
6. The note of the meeting held on 22 September 2015 was agreed and approved for circulation.
7. The AAC reviewed the Outstanding Actions resulting and all were noted as completed or being progressed.
8. **Internal Auditor's Report**  
The Internal Auditor provided a verbal report on the three remaining audit activities for this financial year – Payroll, Quality Assurance and Efficiency Review. He also advised the AAC that it was his intention to retire at the end of this calendar year, but offered an assurance the three audit reviews would be concluded by that date. NM offered to return for the February meeting of the AAC to speak to the three reports, the Chair thanked him for this commitment which was, he said, appreciated by the Committee.

## 9. Financial Monitoring

The Director tabled the year-to-date financial expenditure against the budget for 2015-16 highlighting the projected overspend against budget at this time. The AAC noted that the Office's unbudgeted liabilities which she explained had already been notified to the SPCB. The Director also explained that the SPSO was required to absorb the unbudgeted liabilities within its existing budget as far as is possible before making any application for contingency funding.

The AAC noted the budget that had been allocated to meet the transition costs that would enable the assumption of responsibility for appeals relating to the Scottish Welfare Fund by the SPSO from April 2016. This budget will be shown separately from the operating budget.

The AAC also noted the budget submission for 2016-17.

## 10. Risk Management

The AAC recorded that no critical risks had been identified on the Risk Register that might impact the SPSO's ability to achieve the agreed Business Plan nor had any reports in relation to fraud or control failures been identified.

The AAC discussed in detail the risk interrogation paper, which had focused on stakeholder awareness. The AAC reflected on the difficult decisions that may need to be taken in relation to the use of resources and in particular the challenge presented in continuing to proactively improve complaints handling across the public sector while continuing to meet the core statutory requirement of investigating complaints. The Chair commended the SPSO on the skilful way in which these competing challenges were being communicated both internally and externally.

## 11. Performance Information

- a. *Corporate Services:* The AAC noted the Q2 2015-16 performance summary.
- b. *Casework:* The AAC reviewed the 2015-16 statistics to date including the BUJ performance outturn and noted that there had been a significant decrease in the number of premature complaints brought to the office, which could be attributed to the innovative interventions that were being proactively promoted by the office in its role as Complaints Standards Authority for Scotland. The minimal year-on-year reduction in productivity it was suggested may indicate the impact of sustained intense pressure on staff reflected in the continued increase in workload the office is dealing with year on year. The Director shared some particularly positive outcomes that had been achieved following the completion of a number of recent investigations.

The AAC were advised of additional analytical measures that were being introduced at investigation stage to identify the level of resource different investigations require and what proportion of the workload are impacted by increasing complexity. In line with these initiatives, bodies are also being asked to review how they handled each case thus providing the opportunity for reflective learning particularly on the part of health service providers.

**Action 1:** It was agreed the AAC would be given a copy of the new notification and enquiry template letter issued to BUJs, which incorporates the Complaint Handling Reflective Learning form.

- c. *Policy Group:* The AAC noted the Q2 update from the Policy, External Communications, Complaints Standards and Training sections, and acknowledged the continuing progress that was being made across each of these areas. PM updated the AAC on the progress being made in preparation for the transfer to the SPSO of oversight responsibility for the Scottish Welfare Fund. The meeting discussed some immediate concerns around the transfer of this responsibility to the remit of the Office, an assurance was given that these are currently being

addressed and the Committee was given a commitment that a further update would be provided at its meeting in February.

The AAC noted the headline figures from the Improvement Scotland (IS) draft report on the local authorities' annual complaints performance data and were informed that IS were reflecting on how best to disseminate their final report. The AAC commended the joint initiative to collate information in relation to complaint handling performance across Scotland. This is the only initiative of this kind being undertaken in the UK and is acknowledged as being very useful and, importantly, a potentially powerful driver of improvement across the sector. The success of the Complaints Standards Authority jurisdiction in Scotland is being reflected in a similar authority being included in the new Ombudsman legislation being introduced in Wales and Northern Ireland.

PM asked the AAC to note that there has been a noticeable shift in the complaints handling culture within the sectors, evidenced in the current conversation in public bodies around 'continuous improvement' and not about 'a broken system' as it had been previously.

The AAC commended all involved in the delivery of the SPSO Complaints Conference on the high level of satisfaction achieved by the event amongst those who participated.

The AAC were advised about the continuing work being undertaken in preparation for the Local Government and Regeneration Committee's evidence session in February following on from the laying of the SPSO Annual Report. EG explained some of the initial concerns the Office had in relation to the new approach that was being proposed by the Committee.

The AAC discussed the emerging concerns from the Local Government sector following the issue of Annual Letter for bodies under jurisdiction and, in particular, the SPSO learning and improvement statement annex requiring the signature of the relevant Chief Executive and Council Leader. The AAC were also briefed on on-going discussions with the sector to address their concerns.

The AAC noted the SPSO Stakeholder Engagement Strategy 2015-16, and commended EG on the concise and clear document that had been produced.

- d. *Service Improvement Report:* The AAC noted the Q2 2015-16 report on organisational learning from customer service complaints; which will now be published on the SPSO website and were also updated on the reviews and service complaints for the quarter.

The ICRS was invited by the Chair to provide an update on her work to date. ED presented a summary of the first years' experience of working with the SPSO and in particular highlighted that a higher than expected number of complaints had been referred for independent review. There had been 17 referrals, 12 of which had been accepted. ED informed the meeting that ICRS had recently been successful in tendering to provide a similar service to the Welsh Ombudsman.

12. The meeting closed at 12:30.