

Meeting Minutes

Meeting: Audit Risk and Assurance Committee

Date: 5th February 2025 0930-1300

Minuted by: Diane Piper (DP), Governance Secretary, Redress Scotland

Committee Members

- Bill Matthews(WM) Audit, Risk and Assurance Committee Chair, Redress Scotland Deputy Chair
- Catherine Dyer(CD) Audit, Risk and Assurance Committee Member, Non- Executive Member of Redress Scotland
- Jane Gordon (JG) Redress Scotland Audit, Risk and Assurance Committee member, Panel Member
- Neil Mackay(NM) Audit, Risk and Assurance Committee Member, Non- Executive Member of Redress Scotland
- Colin Spivey(CS) Audit, Risk and Assurance Committee Member, Non – Executive Member of Redress Scotland

Participants

- Joanna McCreadie(JM) Redress Scotland Chief Executive
- Gary Gallacher (GG) Redress Scotland Head of Operations
- Michelle Nairn (MN) Redress Scotland Head of People
- Michael Stevens(MS) Redress Scotland Head of Finance and Resources
- Michael Reid (MR) Redress Scotland Finance Manager

By Invitation

- Martin Ritchie (MR) TIAA
- Gillian McCreadie(GM) Audit Scotland

Apologies

None

Agenda item 1. Welcome, apologies and conflicts of interest

1.1 Welcome

WM opened the meeting and welcomed all present.

1.2 Apologies

There were no apologies.

1.3 Declarations of Interest:

No declarations were made.

1.4 Appoint survivor voice;

CS was appointed as the meeting reviewer from the perspective of the survivor.

Agenda Item 2 Minutes of the previous meeting 4th September 2024

The minute from the meeting on the 4th of September was approved as a true reflection of the discussions.

Agenda Item 3 Matters arising from the previous meeting

The action log was presented for approval. Several updates were noted in relation to the control environment, the progress of accreditation of cyber essentials plus and the deep dives of items on the risk register.

WM suggested a different approach to the way the committee scrutinises risk and undertakes deep dives. This will be discussed further under item 7 on risk.

Agenda item 4 Governance

4.1 Draft Oversight Board Minute 27th November 2024

The draft minute from the Oversight Board meeting on the 27th of November 2024 was presented for information and will go forward for approval to the February meeting of the Oversight Board.

Agenda Item 5 Report from the Chair

WM reminded members that we are now 3 years into the scheme. From his attendance as an observer at panel meetings he is impressed with the competence and professionalism of panel members when undertaking these meetings. WM continued that there are still a number of new issues which arise during panels. One is around the presumption of truth in certain types of decision, such as preclusion. Work is ongoing to provide decision makers with as much information and guidance as possible.

The recruitment exercise for new panel members continues with pre-screening complete and interviews underway. CD has been enlisted to help with this.

Lastly, WM is working with JM, the Chair and CD around the structure of the workshop with Scottish Government scheduled for later in the month.

Agenda Item 6 CEO Reports

6.1 CEO Report and dashboard

JM advised that so far the start of 2025 has been a busy period for Redress Scotland.

All teams have been involved in the development of the business plan for 2025/26, with an emphasis on highlighting improvements and efficiencies. The governance section has been completed and is with the Chair of Redress Scotland for review.

The audit for 2023/24 was completed at the end of the year. The response to the recommendations from the auditors will be presented to the Oversight Board later in the month.

Two external pieces of work were commissioned last year in relation to the recommendations in the annual report. One on accessibility for survivors with additional support needs and the second on material errors and our processes in this area. Good progress is being made on both, and these will be shared at the right time.

The corporate plan will also be revisited and address our thinking around the eventual closure of the scheme.

Our health and safety consultants, Worknest, have provided an excellent audit report which included a review of our related policies.

Consideration has been given to the year ahead and the management of our grant in aid allocation and how we can make best use of these funds. The Oversight Board will be consulted to aid with this. One of the papers going forward to the Oversight Board will be our approach to efficiencies and effectiveness. To support this work approval from the board will be sought to establish a new working group looking efficiency and effectiveness. The group will be a mix of panel members and staff. A summary of our work around efficiencies will be included in our annual report.

A review of the design of the organisation will be undertaken and will include any identified recommendations for improvement.

Lastly, work has commenced to consider our position as an independent body. A date has been set with Scottish Government for a joint workshop. The agenda and outcomes have been agreed and an external facilitator appointed.

Themes from Dashboard

JM advised that there are no major changes to report. There is a level of stability in the number of applications received from Scottish Government however our queue continues to increase. This is slower than expected but at current capacity we cannot match the throughput which has been forecast for the next eighteen months.

The upward trajectory of the number of decisions made matches our increase in expenditure. In October 120 decisions were made dropping to 110 in November and December. There has been a concerning increase in the number of reconvened panels. The operations team has undertaken analysis to look at the reasons and impact of these. This information has been shared with Scottish Government and one of issues highlighted is the quality of legal advice received by survivors. JM keen to discuss this with Scottish Government at the workshop as it is a shared potential efficiency.

There may be an early indication of more level 2 applications and a slight decrease in levels 4 and 5. This is worth noting and we will see if this is a trend.

The newer panel members are now working at same rate as existing panel members and are picking up more days and taking less time to prepare than was the case initially. It has taken 4-6 months to reach this level of activity.

Members thanked JM for her report and CS asked if there was provision for survivor voice to be designed into the workshop with SG. JM advised that it has not been so far but will ensure that it is included.

WM added that the quality of legal representation survivors receive is not always consistent. The KPI charts are working well and give us a clear indication of the state of play. One point to note is that Scottish Government always have the same level of work in progress. There may be signs of a plateauing but still too soon to confirm.

GG added that in the analysis work on clarifying questions 3 key themes were evident. These are not the most difficult to rectify and work will be undertaken with legal representatives to address these shortcomings. Scottish Government have listened to our suggestions for improvements to the application pack which are now being incorporated. There will no longer be a blank page, but guidance provided for completion. The hope is that this will reduce the need for clarifying questions.

Agenda item 7 Strategic Risk Register

7.1 Copy of Risk Register – approved Oversight Board November 2024

7.2 Risk Management – Deep Dives Operational activity

7.3 Horizon Risks

7.4 Plan for risk workshop April 2025

JM advised that prior to the last Oversight Board meeting JM undertook a full review of the risk register which was subsequently approved at the November meeting. This was circulated to members of the committee for information. The recommendation from the oversight board was for ARAC to consider horizon risks. These will be captured on a new page on the register. The committee were asked for comment on the detail and for guidance on how these are managed.

Deep dive into risk – new approach

WM proposed that on a cyclical basis a headline risk is selected and the risk owner invited to explain in detail to ARAC the risk and the mitigations in place.

GG presented the first of these reviews looking at operational processes, outlining the structure and risk and inviting members for questions and feedback.

GG shared the process map developed by the operations team highlighting key risk areas and associated impacts. Key challenges included ineffective capacity planning, poor administration and preparation of applications, the additional work required around clarifying questions including work with legal representatives. The focus is how to create more efficient and effective processes. This is seen as an ongoing process. Pre-panel processes were refined earlier in the year. All efficiencies are captured in the business plans for last year and will continue this year.

GG noted varying degrees of success within the mitigations. The work of the Practice Development Group was acknowledged and their development of practice notes to support decision making and mitigating risk.

The establishment of the efficiencies and effectiveness working group will help support the future of this work.

Members were appreciative of the presentation and made the following suggestions for further development

- add to key the main control points identifying 2 or 3 control measures per high level processes.
- on the slide bars, spider diagram from ARAC specifying what the key controls are.
- overlay the process map with the identified risks.
- highlight the process which can be disturbed by external influences.

- Identify the areas we are checking and specify what is in our control, and what is out with our control i.e. internal and external environment.
- Quality assurance points in the process to be highlighted
- Future presentations to include a short written summary of what is working, what is not and an action plan for improvement.

WM confirmed that members were content with this approach. Some refinement has been noted and a risk review will be presented to each ARAC meeting. This will be agreed with JM before next meeting.

Action; Operations process map to be amended as discussed GG

Action; Future presentations to include a short written summary - SMT

Action JM and WM to agree next risk for review.

Agenda Item 8 Budget 2025/26

WM noted that the Budget presented is for scrutiny before presentation to Oversight Board.

MS advised that work on the budget commenced with the capacity work undertaken in the preparation of the business case for presentation to the Deputy First Minister.

The approach for budget setting took consideration of

- 1 The current baseline for staffing
- 2 Provision for the agreed increase in resource to include for 3 Panel Support Coordinators plus 10 Panel Members
- 3 of The expected 173 applications decisions per month based on SG throughput given we are averaging 120 decisions per month
- 4 How do we address the backlog of applications

The grant in aid awarded is £5.046m. What was not considered was the increase in employers national insurance contributions and a reduction in the national insurance threshold. The full impact is still to be calculated but we can expect a net reduction of £46.8K over the year.

MS highlighted an error in the paper - total non staff costs are budgeted at £544k and not the £488k noted in the paper. Each area has an increase in budget. In previous years we have come in under budget. The expectation for the coming year is that we will be fully staffed from the start of the year and therefore expect to meet our budget expenditure.

WM noted the proportion of budget spent on decision makers (£1.6m) and permanent staff (£2.7m). Additionally, expenditure on support is going up more than panel members.

MS advised the increase was due to the additional national insurance and salary increases for staff which are higher than for panel members. It was also noted there are costs associated with being a public body.

Members also questioned if there would be any increase in rates for panel members and if the assumption of 170 applications per month was accurate and how often this is reviewed.

GG confirmed that the figure of 170 applications comes from Scottish Government and is subject to review. The challenge of ensuring accuracy was acknowledged due to the number of variables involved.

JM added that the more grant in aid we have the more cost effective we become. Base costs are required to cover the requirements of a public body which other organisations of a comparable size don't have. If panel member costs also increase we will have to compress capacity because of budget limitation. The challenge is to make every £ work for us and get the right decisions first time round. JM also noted that the longer waiting times has an impact on the number of enquiries we receive and follow up calls to survivors. We now servicing and financing the queue.

WM noted that any increase to rates for panel members is at discretion of OB and chair.

WM also noted the importance of continuing to report on the cost per decision.

WM asked members to consider if there was a reasonable ratio we could consider of panel members to permanent staff and if there is any information from other organisations to please advise WM.

Action; members to consider ratio of permanent staff to panel members and advise WM of any detail available in this area.

Agenda Item 9 Audit Updates

MR from TIAA confirmed that one report has been completed on Corporate Performance Management. The executive summary notes that there is reasonable assurance in this area. Overall, this is a positive result with some recommendations.

The quality assurance improvement framework clearly sets out the KPIs and approach to performance management. The audit found good and regular KPI recording.

The 2 recommendations noted were

1. Some of the source data is live and therefore not always captured and saved. In future snapshots are to be recorded.
2. Periodic review of the 8 KPIs.

Several suggestions to improve operational effectiveness were made

1. Trend analysis is now possible and should be reported
2. A number of Excel workbooks still rely on manual calculation. Automation of these should be considered but it was noted that as we are a time limited organisation we are not able to progress this fully

JM noted that this was a helpful report at this point in our development.

WM thanked MR adding that these recommendations will be added to the audit improvement plan.

MR continued that the field work for business continuity and disaster recovery and creditor payments is complete Reports will be ready for the next ARAC meeting in April.

The agreed plan for the current year includes an audit of payroll and a review of outstanding recommendations.

GM from Audit Scotland

GM provided a verbal update. Work has commenced on the plan for the 24/25 audit, and this will be ready for the April meeting. Finance planning meetings and risk assessment work underway. The two identified risks are management override and the new oracle fusion system from Scottish Government.

GM advised that following a reassessment of risk level in the Redress Scotland accounts PM, Audit Director, will step aside and GM will continue as audit lead. JD will no longer be senior auditor and is replaced by CT.

Agenda Item 10 Papers for Information

10.1 Management accounts P9

MS reported that for second month in a row we have recorded an overspend of £7k however the results for P10 will reflect an underspend of £37k. In terms of previous £500k

we had proposed to return to Scottish Government has been reduced to £400k The expected expenditure at end of year is £4.6m.

Agenda Item 11 Audit, Risk and Assurance Committee forward plan

Members noted that a review of the Terms of Reference should come to the next meeting.

A closed session with Audit Scotland to be agreed.

Action; review of ARAC terms of reference to be added to April agenda – DP
Action; closed meeting with audit Scotland to be arranged - WM

Agenda item 12 AOB

The following dates were highlighted to members

Board strategy day 24th March – in person, in Glasgow
Risk Workshop – 9th April, online joint meeting with Oversight Board
Change of June ARAC date will be confirmed today

Agenda item 13 Review of Meeting Survivor Voice

CS summarised the meeting advising that most reference to Survivor Voice was during the first half of meeting, namely the presumption of truth and contractor work on survivors with additional support needs.

Concerns were raised about quality of legal advice being given to applicants. We are aware of the problem and looking at how to address this.

Survivor Voice will be included in the agenda for the workshop with Scottish Government.

Budget decisions are driven to survivor enquiries because of the growing queue. Monies are being used to service the waiting list instead of delivering decisions.

WM thanked everyone for their contributions and there being no further business the meeting ended at 1145.