

439th meeting of the Accounts Commission for Scotland
Thursday 12 October 2017, 10.15am
In the offices of Audit Scotland, 102 West Port, Edinburgh

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 14 to 18 in private.
4. **Minutes of meeting of 10 August 2017.**
5. **Minutes of meeting of Financial Audit and Assurance Committee, 24 August 2017.**
6. **Minutes of meeting of Financial Audit and Assurance Committee, 28 September 2017.**
7. **Minutes of meeting of Performance Audit Committee, 24 August 2017.**
8. **Minutes of meeting of Performance Audit Committee, 28 September 2017**
9. **Audit Scotland Board update:** The Commission will consider a verbal report by the Chair and Secretary to the Commission.
10. **Update report by the Secretary to the Accounts Commission:** The Commission will consider a report by the Secretary to the Commission.
11. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit.
12. **Strategic Scrutiny Group Update:** The Commission will consider a report by the Director of Performance Audit and Best Value.
13. **Audit of Best Value: East Renfrewshire Council:** The Commission will consider a report by the Director of Performance Audit and Best Value.
The following items are proposed to be considered in private:
14. **Audit of Best Value: East Renfrewshire Council:** The Commission will consider the actions that it wishes to take.
15. **Scottish government consultation: draft response: – Fair funding to achieve excellence and equity in education:** The Commission will consider a report by the Director of Performance Audit and Best Value.
16. **Review of audit quality:** The Commission will consider a report by the Assistant Auditor General.
17. **Mid-Year Strategy Seminar: Outputs:** The Commission will consider a report by the Secretary to the Commission.
18. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 14 to 18 be considered in private because:

- Item 14 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 15 proposes a draft response to a consultation, which may include confidential policy matters that the Commission would wish to discuss in private before publishing its response.
- Item 16 proposes a report from the Assistant Auditor General on the quality of audit, in relation to which the Commission may wish to discuss confidential audit matters with the author.
- Item 17 presents outputs from the Commission's private Mid-Year Strategy Seminar which may include confidential policy matters that the Commission would wish to discuss in private before proceeding.
- Item 18 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of 10 August 2017	AC.2017.7.1
Agenda Item 5: Minutes of Financial Audit and Assurance Committee of 24 August 2017	AC.2017.7.2
Agenda Item 6: Minutes of Financial Audit and Assurance Committee of 28 September 2017	AC.2017.7.3
Agenda Item 7: Minutes of Performance Audit Committee of 24 August 2017	AC.2017.7.4
Agenda Item 8: Minutes of Performance Audit Committee of 28 September 2017	AC.2017.7.5
Agenda Item 9: Minutes of Audit Scotland Board Update	AC.2017.7.6
Agenda Item 10: Report by Secretary to the Commission	AC.2017.7.7
Agenda Item 12: Report by Director of Performance Audit and Best Value	AC.2017.7.8
Agenda Item 13: Report by Controller of Audit	AC.2017.7.9
Agenda Item 15: Report by Director of Performance Audit and Best Value	AC.2017.7.10
Agenda Item 16: Report by Assistant Auditor General	AC.2017.7.11
Agenda Item 17: Report by Secretary to the Commission	AC.2017.7.12

MEETING: 12 OCTOBER 2017

MINUTES OF PREVIOUS MEETING

Minutes of the 438th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 10 August 2017, at 10.15am

PRESENT: Ronnie Hinds (Acting Chair)
Alan Campbell
Sandy Cumming
Christine May
Geraldine Wooley
Pauline Weetman
Sheila Gunn
Sophie Flemig
Stephen Moore
Tim McKay
Graham Sharp

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Assistant Director, Audit Strategy [Item 10]
Antony Clark, Assistant Director, PABV [Item 13]
Mark Ferris, Senior Manager, Audit Services [Items 11 and 12]
Russell Frith, Assistant Auditor General [Item 10]
John Gilchrist, Manager, Audit Strategy [Item 10]
Mark McCabe, Senior Manager, PABV [Item 13]
David McConnell, Assistant Director, PABV [Items 11 and 12]
Claire Richards, Senior Auditor, PABV [Item 13]
Mark Roberts, Senior Manager, PABV [Items 11 and 12]
Fiona Selkirk, Audit Manager, PABV [Items 11 and 12]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 8 June 2017
5. Minutes of Performance Audit Committee of 15 June 2017
6. Audit Scotland Board Update
7. Update report by the Secretary to the Accounts Commission
8. Update report by the Controller of Audit
9. Commission meeting arrangements 2018
10. Annual Audit Quality Report
11. Audit of Best Value: Renfrewshire Council
12. Audit of Best Value: Renfrewshire Council
13. Performance audit: draft report: Equal Pay
14. 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 were made:

- Alan Campbell, in item 13, as a former chief executive of Aberdeenshire Council.
- Sophie Flemig, in items 11 and 12, as a family member is dealing with Renfrewshire Council on a personal basis in relation to services provided by the Council.
- Ronnie Hinds, in item 13, as a former chief executive of Fife Council. Mr Hinds advised that he would remain in the chair for this item but would not take part in any discussion of the item.
- Sheila Gunn, in item 7, as a non-executive Director of the Wheatley Group, in relation to references to housing matters.
- Christine May:
 - in item 12, as a former Chair of Fife Cultural Trust, in relation to references to arm's length external organisations
 - In item 13, as a former leader of Fife Council.
- Tim McKay, in item 13, as a former elected member in City of Edinburgh Council.
- Stephen Moore, in item 13, as a former chief officer of Fife Council.
- Geraldine Wooley, in item 17, as a member of the Fife Valuation Appeal Committee.

3. Decisions on taking business in private

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

- Item 12 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 13 proposes a draft audit report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.

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

4. Minutes of meeting of 8 June 2017

The minutes of the meeting of 8 June 2017 were approved as a correct record.

Arising therefrom, in relation to item 12, the Commission noted advice from the Secretary that the Chair had written on 15 June to council leaders, copied to chairs of audit and scrutiny committees and chief executives, promoting the Benefits Performance Audit report.

5. Minutes of Performance Audit Committee of 15 June

The minutes of the meeting of the Performance Audit Committee of 15 June were noted.

6. Audit Scotland Board Update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

During discussion, and having noted a verbal update from the Chair on recent Audit Scotland Board activity, the Commission noted advice from the Secretary that background information in relation to the Board's review of its standing orders had been placed on the extranet.

Thereafter, the Commission noted the report.

7. 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:

- In relation to paragraphs 14 and 32, following a query from Stephen Moore, noted advice from the Director of PABV that matters in relation to workforce planning across the public sector would be taken forward as part of the current work programme.
- In relation to paragraph 24, following a query from Geraldine Wooley, noted advice from the Director of PABV that he would ensure that matters concerning building control services and emergency planning services would be included as part of the Commission's considerations of the refresh of its work programme in December 2017.
- In relation to paragraph 68, agreed to respond to the call for evidence by the Scottish Parliament's Equalities and Human Rights Committee on the gender split on public boards, by providing a summary of the Commission's activities in recent rounds of recruitment of new members.

Action: Secretary

- In relation to paragraph 74, noted advice from the Chair that he would be meeting the new President and Vice-President of COSLA in coming weeks.

Following discussion, the Commission agreed to note the report.

8. 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.

Following discussion, the Commission noted the update.

9. Commission meeting arrangements 2018

The Commission considered a report by Secretary proposing the schedule for meetings of the Commission and its committees in 2018.

During discussion, the Commission agreed:

- To schedule a January 2018 meeting.
- To retain the two optional committee dates.
- To schedule the Commission's strategy seminar and mid-year strategy seminar as proposed in the report.
- Until further notice, to schedule the September committee meetings in Glasgow.
- That opportunities be considered for holding meetings of the Commission or its committees in the north of Scotland, such as Inverness.
- To agree the proposed schedule of speakers for the remainder of 2017, and that members give further thought to speakers for 2018, notifying the Secretary accordingly.
- That, if business requires, meetings of the Financial Audit and Assurance Committee start earlier than 10.00am.

Actions: Secretary

10. Annual Audit Quality Report

The Commission considered a report by the Assistant Auditor General providing assurance that the work of appointed auditors has been of the high quality expected.

During discussion, the Commission:

- Noted advice from the Assistant Auditor General, in response to a query from Tim McKay, that staff feedback would be part of the performance information being developed for the Commission's monitoring of the quality of the audit, to be considered further by the Financial Audit and Assurance Committee as part of its oversight of the review of quality arrangements.
- Noted advice from the Assistant Auditor General, in response to a query from Pauline Weetman, that Financial Reporting Council and Code of Audit Practice requirements both feature in the proposed approach to external review of audit quality.
- Agreed that details of Audit Scotland staff knowledge café sessions be shared with Commission members.
- In relation to cold reviews:
 - Agreed that samples of cold reviews be shared with Commission members for their interest through the members' extranet portal.
 - Agreed its desire to maximise the level of assurance it gains from arrangements for cold reviews, including consistency in approach across audit providers, and thus be considered further as part of the ongoing review of quality arrangements.
 - Further in this regard, noted advice from the Assistant Auditor General that this matter would be subject of further discussion with all audit providers.

- Noted that the ongoing review of quality arrangements, being taken forward by the Financial Audit and Assurance Committee, includes development of the approach to quality reporting.
- Noted the positive assurance presented in the report.

Actions: Secretary and Assistant Auditor General

11. Audit of Best Value: Renfrewshire Council

The Commission considered a report by the Secretary to the Commission seeking its consideration of the Controller of Audit's report of the Best Value Assurance Report of Renfrewshire Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed:

- To note advice from the Controller of Audit that, in advance of the Commission's review in early 2018 of the first tranche of the new approach to auditing Best Value, he welcomed views from Commission members on the style, format and content of his reports.
- To consider in private how to proceed.

Action: Secretary

12. Audit of Best Value: Renfrewshire Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the audit of Best Value Assurance in Renfrewshire Council.

Following discussion, the Commission agreed:

- To make findings, to be published on 31 August 2017.
- As part of those findings, to note that in line with the new approach to auditing Best Value, the Controller of Audit will monitor progress through the annual audit and update the Commission accordingly.

Actions: Secretary and Controller or Audit

13. Performance audit: draft report: Equal Pay [in private]

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report *Equal pay*, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Sheila Gunn and Pauline Weetman.
- To approve the publication and promotion arrangements for the report and noting that further discussions in this regard would take place between the audit team and the audit sponsors.

Actions: Director of PABV

14. Commission business matters

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

MEETING: 12 OCTOBER 2017

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF
24 AUGUST 2017**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 102 West Port, Edinburgh on Thursday, 24 August 2017, at 10am.

PRESENT: Ronnie Hinds (Chair)
Tim McKay
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Best Value and Performance Audit (PABV)
Elaine Boyd, Assistant Director, Audit Strategy [Item 7]
Tim Bridle, Manager, Audit Strategy [Item 5]
Sarah Burden, Audit Manager, KPMG [Item 4]
Fiona Daley, Consultant, Audit Strategy [Item 7]
Russell Frith, Assistant Auditor General [Items 4, 6, 7]
Anne MacDonald, Senior Audit Manager, Audit Services [Item 4]
Mark McCabe, Senior Manager, PABV [Item 5]
Ronnie Nicol, Assistant Director, PABV [Item 5]
Andy Shaw, Director, KPMG [Item 4]
Owen Smith, Senior Manager, Audit Services [Item 6]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 27 April 2017
4. Aberdeen City Council: capital bond
5. Local government financial overview: scope
6. Annual audit plans overview
7. Review of audit quality
8. Any other business

It was noted that in the absence of Graham Sharp, Ronnie Hinds would assume the Chair.

1. Apologies

It was noted that apologies for absence had been received from Graham Sharp and Sheila Gunn.

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 5, as a member of the Fife Valuation Appeal Committee.

3. Minutes of meeting of 27 April 2017

The minutes of the meeting of 27 April 2017 were noted as having been approved by the Commission at its meeting on 11 May 2017.

Arising therefrom, the Committee:

- In relation to item 4, seventh bullet point, in response to a query from Tim McKay, noted advice from the Controller of Audit that he would be providing further information on matters in relation to non-domestic rates, particularly the Business Rates Incentive Scheme and the Barclay Review of Business Rates, to the November meeting of the Commission.
- In relation to item 5, in response to a query from Pauline Weetman, noted advice from the Secretary that matters around the alignment of strategic audit priorities, audit dimensions and Best Value requirements would be taken forward in the first instance at the mid-year strategy seminar.
- In relation to item 7, noted advice from the Chair that the Commission's response, in conjunction with the Auditor General, to the consultation by the Scottish Parliament's Budget Process Review Group on its interim report was available on the members' extranet portal.

4. Aberdeen City Council: capital bond

The Chair welcomed Nick Shaw, Director and Sarah Burden, Audit Manager of KPMG who would be taking part in discussion on this item.

The Committee considered a report by the Controller of Audit on the background to Aberdeen City Council's decision to issue a bond; the implications for the council in terms of financial reporting and governance; and setting out emerging views on the impact to the audit approach.

During discussion, the Committee agreed:

- That the Assistant Auditor General report further on how the Commission's interest is fulfilled in relation to decisions taken or advice issued by the Commission's ethics partner.
- That further information be provided on the definition of 'affordability' relation to such matters.

Actions: Assistant Auditor General

- To note its continuing interest in matters arising from the decision of the Council to aim to bring forward the conclusion of the external audit process to 30 June 2018, with the Controller of Audit reporting back as appropriate.

Action: Controller of Audit

- To note its continuing interest in this matter, particularly around implications for the conduct of the audit process and issues associated with value for money and option appraisal, with a view to the Controller of Audit reporting back as appropriate.

Action: Controller of Audit

Thereafter, the Committee noted the report.

5. Local government financial overview: scope

The Committee considered a paper by the Director of PABV proposing a scope for the financial overview of Scottish local government in 2016/17 and the arrangements for publishing and promoting the report in November 2017.

During discussion, the Committee agreed:

- To note advice from the Director of PABV that the team were working closely with stakeholders including the Scottish Parliament Information Centre to ensure a definitive reporting of budget figures.
- Approved the approach proposed in the report, subject to the audit team addressing the issues raised in discussion in conjunction with the audit sponsors, Ronnie Hinds and Christine May.
- To note that emerging messages and promotion strategy for the report will be presented to the Committee in September.

6. Annual audit plans overview

The Committee considered a report by the Assistant Auditor General providing a summary of a review of first year compliance with the 2016 Code of Audit Practice and identifying areas of good practice and for improvement.

During discussion, the Committee agreed to note:

- The outcomes of the review of annual audit plans and the extent of first year compliance with the new Code
- That the findings from a review of the 2016/17 annual auditors' reports would be reported to the Committee in 2018.

7. Review of audit quality

The Committee considered a report by the Assistant Auditor General advising of progress and areas for discussion on the review of audit quality arrangements across all audit work.

Following discussion, the Committee agreed to recommend to the Commission that:

- The Commission report publicly on its assurance on all local government work, to be done through its annual report.

- This report be complemented by the Audit Scotland quality report providing quality assurance across all audit work, to be considered and endorsed by the Commission before its consideration by the Board of Audit Scotland.
- Further discussion take place on the sequencing, content and structure of these two reports.

Actions: Assistant Auditor General and Secretary

- In relation to the proposed establishment of an independent quality team, the audit quality framework set out clearly the following:
 - a principle around the meaning of audit quality
 - assurance about the team's independence
 - assurance about the team's expertise.

Action: Assistant Auditor General

- Further discussion take place on the role and reporting lines of the ethics partner.

Actions: Assistant Auditor General and Secretary

- In relation to key performance indicators:
 - Include diversity indicators (in relation to people) across audit providers
 - Maximise consistency in the people information reported from Audit Scotland and the firms
 - Expand stakeholder satisfaction indicators to include councils (i.e. officers and members).
- A lunchtime session on professional scepticism be organised with input from the Assistant Auditor General.

Actions: Assistant Auditor General and Secretary

8. Any other business

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

MEETING: 12 OCTOBER 2017

MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF
28 SEPTEMBER 2017

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 8 Nelson Mandela Place, Glasgow on Thursday, 28 September 2017, at 10am.

PRESENT: Graham Sharp (Chair)
 Tim McKay
 Pauline Weetman
 Geraldine Wooley
 Sheila Gunn

OTHER COMMISSION
MEMBERS PRESENT: Christine May [Items 7 and 8]

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
 Fiona Kordiak, Director of Audit Services
 Tim Bridle, Manager, Audit Strategy [Item 7]
 Carol Calder, Senior Manager, Performance Audit and Best Value
 (PABV) [Item 8]
 Russell Frith, Assistant Auditor General [Item 4]
 Mark McCabe, Senior Manager, PABV [Item 7]
 Ronnie Nicol, Assistant Director, PABV [Items 7 and 8]
 Andy Shaw, Director, KPMG [Item 6]
 Sally Thompson, Audit Manager, PABV [Item 8]
 Michael Wilkie, Senior Manager, KPMG [Item 6]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 24 August 2017
4. Current issues from the local authority audits
5. Intelligence report
6. The auditor perspective: KPMG
7. Local government financial overview: emerging messages
8. Local government overview: scope
9. Any other business

1. Apologies

It was noted that apologies for absence had been received from Fraser McKinlay, Controller of Audit and Director of PABV.

2. Declarations of interest

The following declarations of interest were made:

- Sheila Gunn, in items 4 and 5, as a non-executive Director of the Wheatley Group, in relation to various references to housing matters.
- Geraldine Wooley, in item 4, as a part-time lecturer with the Open University, in relation to references to education initiatives.

3. Minutes of meeting of 24 August 2017

The minutes of the meeting of 24 August_2017 were approved as a correct record.

Arising therefrom, the Committee:

- In relation to item 4, second bullet point, in response to a query from Tim McKay, noted that the further information requested by the Committee was on how 'affordability' featured in the Council's consideration of the matter.

Action: Controller of Audit

- In relation to item 7, noted that Commission views on the quality of outputs is an integral part of the quality assurance framework which will require further consideration.

Action: Assistant Auditor General and Secretary

4. Current issues from the local authority audits

The Committee considered a paper by the Controller of Audit, presented by the Director of Audit Services, advising of emerging issues and recurring themes, as well as individual issues of interest, in Scottish councils.

During discussion, the Committee agreed:

- To note advice from the Director that further information would be submitted to the Committee at its next meeting on matters around the signing-off of accounts.
- In relation to a query from Pauline Weetman, that further information be provided on the auditor's opinion in relation to the cancelled waste treatment facility in Scottish Borders Council.
- To note advice from the Secretary, in relation to a query from Tim McKay in relation to the performance audit report on arm's length external organisations, of which he is sponsor, that the audit team would liaise with him with regard to the case studies to be used in the audit.
- In relation to a query from Pauline Weetman, that further information be provided on the joint venture between Aberdeen City Council and Hunchbuzz Limited.

Actions: Controller of Audit

Thereafter, the Committee noted the report.

5. Intelligence report

The Committee considered a report by the Secretary, providing an update of intelligence on councils emerging from Audit Scotland correspondence and the work of the Scottish Public Sector Ombudsman (SPSO), Commissioner for Ethical Standards in Public Life in Scotland, Standards Commission for Scotland and Scottish Information Commissioner.

During discussion, the Committee noted that this was the first such report to include information on correspondence dealt with by Audit Scotland.

Thereafter, the Committee noted the report.

6. The auditor perspective: KPMG

The Committee considered a paper by the Secretary on the latest in a series of presentations from auditors on the auditor perspective of audit work in the context of the first year's implementation of the new Code of Audit Practice and audit planning guidance.

The Chair welcomed Andy Shaw, Director, and Michael Wilkie, Senior Manager, KPMG, who undertook a presentation in this regard.

During discussion, the Committee agreed to recommend to the Commission that the strengths, challenges and risks set out by Andy Shaw and Michael Wilkie be considered in relation to the development of future planning guidance by Audit Scotland, including in relation to:

- Positive client feedback
- Integrated and risk-based features of the audit approach
- Scope for better articulation and alignment of strategic audit priorities, audit dimensions and Best Value requirements
- Scalability in relation to audit of small bodies
- Reporting and sharing good practice
- Consistency in judgements and audit reporting.

Thereafter, the Chair thanked Andy Shaw and Michael Wilkie for their presentation.

Action: Secretary

7. Local government financial overview: emerging messages

The Committee considered a report by the Director of PABV proposing the emerging messages for the 2016/17 local government financial overview report.

During discussion, the Committee agreed:

- To endorse the emerging messages, subject to a small number of revisions and other points to be addressed by the report team in conjunction with the report sponsors.
- That a draft report be taken to the Commission meeting in November, prior to publication in that month.
- To endorse proposals for promoting the publication of the report, in advance of a promotion strategy being considered at the Commission meeting in November.

Actions: Director of PABV

8. Local government overview: scope

The Committee considered a report by the Director of PABV proposing the scope for the 2016/17 local government overview report.

During discussion, the Committee agreed:

- To approve the proposed scope of the 2016/17 local government overview report.
- To note that emerging messages and promotion strategy would be presented to the Committee at its meeting in November 2017.

Action: Director of PABV

9. Any other business

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

MEETING: 12 OCTOBER 2017

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 24 AUGUST 2017

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of Audit Scotland, Audit Scotland, 102 West Port, Edinburgh on Thursday 24 August 2017, at 10.00 am.

PRESENT: Christine May (Chair)
Alan Campbell
Sandy Cumming
Sophie Flemig
Ronnie Hinds
Stephen Moore

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Tim Bridle, Manager, Audit Strategy [Item 6]
Leigh Johnston, Senior Manager, PABV [Item 4]
Mark McCabe, Senior Manager, PABV [Items 4 & 6]
Tricia Meldrum, Senior Manager, PABV [Item 5]
Ronnie Nicol, Assistant Director, PABV [Items 4 & 6]
Sarah Pollock, Audit Manager, PABV [Item 5]
Claire Sweeney, Associate Director, PABV [Item 4]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 15 June 2017
4.	HCC Cluster Briefing
5.	Educational attainment: update
6.	Local Government – financial overview: scope
7.	Any other business

1. Apologies for absence

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

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 15 June 2017

The minutes of the meeting of 27 April 2017 were noted as having been approved by the Commission at its meeting on 11 May 2017.

4. Policy cluster briefing: health, care and communities

The Committee considered a report by the Director of PABV providing an update on work in the health, care and communities policy cluster, including recent and planned outputs and current issues affecting the cluster.

During discussion, the Committee:

- Agreed, in response to a query from Sandy Cumming, that the Director provide further information on policy developments in relation to planning fees.
- Noted advice from the Director, in response to a query from Sandy Cumming, that issues in relation to rent arrears associated with welfare reform were a significant risk, and he would continue to monitor developments in this regard.
- Noted advice from the Secretary, in response to a query from Sophie Flemig, that an internal Audit Scotland blog on community empowerment was available on the members' extranet portal.
- Noted further advice in this regard from the Director that current deliberations by the Strategic Scrutiny Group in relation to community empowerment would be included in his update report on strategic scrutiny to the Commission at its December meeting.
- Noted advice from the Director, in response to a query from Alan Campbell, that he would be providing further information on matters in relation to non-domestic rates, particularly the Business Rates Incentive Scheme and the Barclay Review of Business Rates, to the November meeting of the Commission.
- Noted advice from the Director, in response to a query from Stephen Moore, that thought was currently being given to the health inequalities agenda in relation to programme development.
- Noted further advice from the Director in this regard that he would circulate to members an internal Audit Scotland briefing paper from 2016 on auditing outcomes.
- Noted advice from the Director, in response to a query from Ronnie Hinds, that he would investigate the influence (if any) of recent changes to council tax, including multipliers for higher property bands, on the grant distribution mechanism.
- Noted advice from the Director, in response to a query from Sandy Cumming, that IT security forms part of the annual audit.
- Agreed that the following areas of interest be noted in relation to work programme development activity:

- The impact of non-domestic rate reform on council revenue
- The impact of welfare reform including universal credit on council and integration joint board revenue
- The cumulative impact of these matters on services, including for example home care services.

Action: Director of PABV

Thereafter, the Commission noted the report.

5. Educational attainment: update

The Committee considered a paper from the Director of PABV setting out a briefing on educational attainment, including issues emerging from policy monitoring and data analysis, and proposing plans for a 'round table event' in this regard later in the year.

During discussion, the Committee agreed:

- That an important theme in the Commission's work in this regard is informing current policy debate through, for example, the reporting and presentation of data.
- That such work should include:
 - an international perspective
 - a rural perspective
 - matters around deprivation, inequalities and positive destinations.
- That a principal output from the forthcoming round table would be a briefing paper on its conclusions to the Commission.

Actions: Director of PABV

6. Local Government – financial overview: scope

The Committee considered a paper by the Director of PABV proposing a scope for the financial overview of Scottish local government in 2016/17 and the arrangements for publishing and promoting the report in November 2017.

During discussion, the Committee agreed:

- To note advice from the Director of PABV, in response to a query from Alan Campbell, that it is proposed that a pensions supplement would accompany the report, thus using the same approach as last year.
- Approved the approach proposed in the report, subject to the audit team addressing the issues raised in discussion in conjunction with the audit sponsors, Ronnie Hinds and Christine May.
- To note that emerging messages and promotion strategy for the report will be presented to the Committee in September.

Actions: Director of PABV

7. Any other business

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

MEETING: 12 OCTOBER 2017

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 28 SEPTEMBER 2017

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of Audit Scotland, 8 Nelson Mandela Place, Glasgow on Thursday 28 September 2017, at 10.00 am.

PRESENT: Christine May (Chair)
Alan Campbell
Sandy Cumming
Stephen Moore

OTHER COMMISSION MEMBERS PRESENT: Geraldine Wooley [Item 4]

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Tim Bridle, Manager, Audit Strategy [Item 7]
Carol Calder, Senior Manager, PABV [Item 8]
Antony Clark, Assistant Director, PABV [Items 5, 6]
Leigh Johnston, Senior Manager, PABV [Item 4]
Mark McCabe, Senior Manager, PABV [Item 7]
Mark McPherson, Senior Manager, PABV [Item 6]
Tricia Meldrum, Senior Manager, PABV [Item 6]
Ronnie Nicol, Assistant Director, PABV [Items 7 & 8]
Dharshi Santhakumaran, Audit Manager, PABV [Item 4]
Claire Sweeney, Associate Director, PABV [Item 4]
Sally Thompson, Audit Manager, PABV [Item 8]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 24 August 2017
4.	Performance audit: Scope: Children and young people's mental health
5.	Work programme update
6.	Policy briefing: Justice, education and lifelong learning
7.	Local government financial overview: emerging messages
8.	Local government overview: scope
9.	Any other business

1. Apologies for absence

It was noted that apologies had been received from Sophie Flemig and Ronnie Hinds.

2. Declarations of interest

The following declarations of interest were made:

- Sandy Cumming, in item 6, as Chair of Scotland's Rural College, in relation to references to further education sector policy issues.
- Christine May, in item 5, as former Chair of Fife Cultural Trust, in relation to references to arm's length external organisations.

3. Minutes of meeting of 24 August 2017

The minutes of the meeting of 24 August_2017 were approved as a correct record.

Arising therefrom, in relation to item 4, sixth bullet point, the Committee agreed with the suggestion by Stephen Moore that the Director consider addiction issues as part of programme development activities in relation to health inequalities.

Action: Director of PABV

4. Performance audit: Scope: Children and young people's mental health

The Committee considered a report by the Director of PABV seeking approval of the approach to the performance audit on children and young people's mental health.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing the issues raised in discussion in conjunction with the audit sponsors, Sheila Gunn and Geraldine Wooley.

Action: Director of PABV

5. Work programme update

The Committee considered a report by the Director of PABV providing an update on performance audits, impact reports and *How councils work* reports where the Committee has an oversight and quality assurance role on behalf of the Commission.

During discussion, the Committee agreed:

- To note advice from Stephen Moore that he was not present at the meeting on 2 August of the advisory group for the performance audit on arm's length external organisations.
- In relation to a query from Stephen Moore, to note advice from the Director that the current agreed position of the Commission and Auditor General on Edinburgh trams was to monitor the public inquiry in this regard.
- In relation to a query from Sandy Cumming, to note advice from the Director that matters around local accountability would be considered in scoping for the forthcoming Audit General performance audit on the Scottish Fire and Rescue Service.
- In relation to a query from Christine May, to note advice from the Director that congestion relief would be considered in scoping for the forthcoming Auditor General performance audit on the Forth Replacement Crossing.

Thereafter, the Committee noted the report.

6. Policy briefing: Justice, education and lifelong learning

The Committee considered a briefing on the update on the work of the policy cluster for justice, education and lifelong learning. The presentation was delivered by Antony Clark, Mark MacPherson and Tricia Meldrum.

During discussion, the Committee agreed:

- To note advice from the Director, in response to a query from Stephen Moore, that the Domestic Abuse Bill addresses violence to all domestic occupants.
- To note advice from the Director, in response to a query from Alan Campbell, that the Auditor General would be publishing a report under Section 22 of the Public Finance and Accountability (Scotland) Act 2000 on the Scottish Police Authority.
- To note advice from the Director, in response to a query from Christine May, that he would be monitoring the potential impact of Brexit on the further education sector as well as higher education.
- To note advice from the Director, in response to a query from Christine May, that he would report on forthcoming collaboration with Education Scotland in relation to inspection work in his update report on strategic scrutiny at the Commission meeting in November.

Actions: Director of PABV

7. Local government financial overview: emerging messages

The Committee considered a report by the Director of PABV proposing the emerging messages for the 2016/17 local government financial overview report.

During discussion, the Committee agreed:

- To endorse the emerging messages, subject to a small number of revisions and other points to be addressed by the report team in conjunction with the report sponsors.
- That clear links be made between the practical guidance for elected members in this report and that of the subsequent local government overview report.
- That a draft report be taken to the Commission meeting in November, prior to publication in that month.
- To endorse proposals for promoting the publication of the report, in advance of a promotion strategy being considered at the Commission meeting in November.

Actions: Director of PABV

8. Local government overview: scope

The Committee considered a report by the Director of PABV proposing the scope for the 2016/17 local government overview report.

During discussion, the Committee agreed:

- To approve the proposed scope of the 2016/17 local government overview report.
- To note that emerging messages and promotion strategy would be presented to the Committee at its meeting in November 2017.

Action: Director of PABV

9. Any other business

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

MEETING: 12 OCTOBER 2017

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to “provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions”.¹
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.² These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.³
4. As well as being a member of Audit Scotland’s Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.
5. In *Public Audit in Scotland*⁴, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that “by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies.”
6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland’s board.

Current Board business

7. This report provides the Commission with the latest available minute from a meeting of the Audit Scotland board, in this case the meeting of 6 June 2017. It is attached in the Appendix.
8. The most recent meeting of the board was on 23 August, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the board. This will be available after the next board meeting on 25 October 2017 and considered by the Commission thereafter.

¹ Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

² Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

³ The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland’s proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor’s report before the Parliament; and (d) appoint three of the five members of Audit Scotland’s Board , including its Chair.

⁴ *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Chair will, however, provide a verbal update on any relevant business for members' interest, and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
4 October 2017

Minutes

Tuesday 6 June 2017, 10.30am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

I Leitch (Chair)
C Gardner
H Logan
R Hinds

Apologies:

R Griggs

In attendance:

D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
M Walker, Assistant Director, Corporate Performance and Risk
J Webber, Senior Executive Assistant
A Clark, Assistant Director, Performance Audit and Best Value
M Taylor, Assistant Director, Audit Services
R Seidel, Audit Manager, Performance Audit and Best Value

1. Private meeting

A private meeting was held by the Chair and Board members, prior to the start of the Board meeting. There were no matters raised in addition to those items on the agenda, which had been previously circulated.

2. Welcome and apologies

The Board noted Russel Griggs' apologies for today's meeting.

3. Declarations of interest

There were no declarations of interest.

4. Chair's report

Ian Leitch provided a verbal update to members, advising of meetings with Caroline Gardner, Auditor General for Scotland, and Diane McGiffen, Chief Operating Officer, on general business matters.

The members welcomed the update.

5. Accountable Officer's report

Caroline Gardner invited the Board to note the summer is a particularly busy time for the audit teams with a large number of audits due to be signed off by 30 June for the health sector and 30 September for local government, including integrated joint boards.

Caroline advised members that the publications programme had not been significantly impacted by the election moratorium and advised of the forthcoming publication of the Common Agricultural Policy (CAP) Futures Programme report on 15 June 2017 and Further Education Colleges report scheduled for 22 June 2017.

Turning to internal business matters, Caroline advised of work underway to finalise role profiles for the Leadership Group, consider the impact of the elections and longer term planning of resources to support the audit responsibilities arising from the Scottish Government's new financial powers, would also be discussed under Item 19 of today's agenda.

Following discussion, the Board welcomed the update.

The Board observed one minute's silence at 11.00am to pay respect to those affected by the London Bridger terror attack.

6. Accounts Commission report

Ronnie Hinds, the Acting Chair of the Accounts Commission, provided a verbal update on the useful briefing session with the Local Government Committee on 31 May 2017 on the key messages reported in the Accounts Commission's annual overview reports on financial and performance challenges facing councils in Scotland.

Ronnie invited the Board to note the improved performance reported in the Best Value report on Inverclyde Council which had been considered by the Accounts Commission on 11 May 2017. Ronnie commented despite the Council's changing financial and demographic circumstances and reduced resources that collaborative work between the councillors and officers over the past ten years had seen significant improvements made.

The Board welcomed the update.

7. Review of minutes

Board meeting, 5 May 2017

The Board considered the minutes of the meeting on 5 May 2017, which had been previously circulated, and confirmed that these were an accurate record of the meeting.

8. Review of actions tracker

The Board noted the updates provided by the action tracker and Diane McGiffen advised that the report due under action ASB51 at today's meeting would be scheduled for the Board meeting in August 2017.

9. Standing orders update

The Board referred to the discussion at the Audit Committee earlier that day and approved the Standing Orders subject to the amendments previously agreed at that meeting.

10. Q4 Corporate performance 2016/17

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the Audit Scotland Q4 Corporate Performance 2016/17, which had been previously circulated.

Martin invited the Board to note Audit Scotland's performance for the quarter and the summary of performance for the year to March 2017.

The Board welcomed the report and the progress reported and agreed that future reports should set out more consistently on setting out more clearly the actions being undertaken to progress indicators with an amber status.

Action ASB55: The Assistant Director, Corporate Performance and Risk, to review the format of the report to ensure actions to address amber indicators are clearly identified. (September 2017)

11. Q4 Becoming world class improvement programme

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the Audit Scotland Q4 Becoming World Class Improvement Programme, which had been previously circulated.

Martin invited the Board to consider the progress made to date on the programme and welcomed any comments.

Heather Logan queried whether, as part of the audit quality review, audit firms should be asked to report annually on the added value elements of the commitments made in their respective tenders as part of the audit procurement process.

Following discussion, the Board agreed and Russell Frith undertook to consider this as part of the audit quality review.

Action ASB56: The Assistant Auditor General to consider annual reporting by the audit firms as part of the audit quality review programme. (August 2017)

12. Q4 Financial performance 2016/17

The Board noted the Q4 Financial Performance Report, which had been previously circulated and discussed at the earlier meeting of the Audit Committee.

13. 2016/17 Annual report from the Chair of the Audit Committee to the Board

The Board referred to the earlier discussion at the Audit Committee and approved the annual report from the Chair of the Audit Committee to the Board.

14. 2016 /17 Annual report from the Chair of the Remuneration and Human Resources Committee

The Board noted the 2016/17 Annual Report from the Chair of the Remuneration and Human Resources Committee, a copy of which had been circulated.

15. 2016/17 Governance statement on internal control and certificate of assurance

The Chair invited members to note the Governance statement on internal control and certificate of assurance which had been considered at the earlier Audit Committee meeting.

The Board welcomed the assurance provided and noted the certificate of assurance.

There were no further comments and the Board approved the certificate.

16. Draft annual report and accounts – Year End 31 March 2017

The Board approved the draft annual report and accounts which had been previously circulated and discussed at the earlier meeting of the Audit Committee and recommended that the Auditor General for Scotland, as Accountable Officer for Audit Scotland, sign the accounts on 13 June 2017.

Action ASB57: The Auditor General to sign the annual report and accounts 2016/17. (13 June 2017)

17. Review of whistleblowing and counter fraud policies

The Board noted the discussion and recommendation from the Audit Committee that the Board approve the Whistleblowing and Counter Fraud policies as previously circulated, and approve the policies.

18. 2016/17 Annual report on international work and international strategy 2017-20

Antony Clark, Chair of the International Steering Group, joined the meeting.

Antony Clark, Chair of the International Steering Group, introduced the 2016/17 Annual report on international work, which had been previously circulated.

Antony invited the Board to consider and approve the International Annual Report for 2016/17 and the International Strategy for 2017-20.

The Chair invited members to consider the report and they commended the style and format of the reports which clearly set out the international approach and strategy.

During discussion the Board noted the key learning points and benefits for Audit Scotland of international engagement including improvements to quality processes and strengthening value for money focus. The Board noted the positive feedback received from delegations following international visits and the number of requests received to host these events before inviting the group to consider reporting on the longer term benefits and impact of these engagements in the next annual report.

Following discussion, the Board welcomed the discussion and approved the 2016/17 annual report and the international strategy 2017-20.

Action ASB58: The Chair of International Steering Group to consider the longer term impact of international work in future reporting. (June 2018)

Antony Clark, Chair of the International Steering Group, left the meeting.

19. New financial powers and constitutional change

Mark Taylor, Assistant Director, Audit Services Group, and Rebecca Seidel, Audit Manager, Performance and Best Value joined the meeting.

Mark Taylor, Assistant Director, introduced the New Financial Powers and Constitutional Change report, which had been previously circulated.

Mark invited the Board to consider the update provided on key developments surrounding further financial devolution and constitutional change, including Audit Scotland's organisational arrangements.

The Board noted the update provided, recognised the volume of work underway and the need to seek to influence and respond to issues arising. Mark advised the Board of fast tracking work on resourcing, skills and budget planning to support the new social security audit, the impact of Brexit and information gathering to create the audit framework and process.

Following discussion, the Board welcomed the report.

Mark Taylor, Assistant Director, Audit Services Group and Rebecca Seidel, Audit Manager, left the meeting.

20. Publication of Reports

The Board approved all reports for publication with the following exceptions:

Item 13 – Draft Annual Report and Accounts (information intended for future publication).

Item 18 – 2016/17 Annual report on international work (information intended for future publication).

21. Any Other Business

The Board acknowledged the work of colleagues in providing annual assurance and reports to the meetings of the Audit Committee and Board and thanks all those involved for their efforts.

Arising from discussion at the private meeting of the Board, members asked for an updated report on Board openness and transparency to be scheduled for the August meeting.

Action ASB59: The Chief Operating Officer to schedule a report on openness and transparency for the Board meeting on 23 August 2017. (August 2017)

22. Review of Meeting

The members agreed the meeting had been conducted efficiently.

23. Date of Next Meeting

It was noted that the next Audit Scotland Board meeting was scheduled for 23 August 2017 in the offices of Audit Scotland, 102 West Port, Edinburgh.

MEETING: 12 OCTOBER 2017

REPORT BY: SECRETARY TO THE COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide a regular update to the Accounts Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Accounts Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee (FAAC) also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the Commission members' extranet portal, which provides more detailed news coverage of a range of local government related issues.
3. The information featured is also available on the Accounts Commission members' portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4. On 24 August, the Accounts Commission and the Auditor General for Scotland published [Self-directed support: 2017 progress report](#). The report highlighted that while new ways of offering people more choice and control over their social care can make a real difference, further work is needed to ensure everyone benefits. The report has received a wide range of media coverage.
5. On 31 August, the Accounts Commission published Best Value Assurance Report on [Renfrewshire Council](#). It reported that the council continues to improve and is making encouraging progress in the performance of its services. The Commission also said that effective financial management and planning gave Renfrewshire the capacity to deal with funding challenges and that this needs to be supported by a workforce strategy.
6. On 7 September, the Accounts Commission published [Equal Pay in Scottish Councils](#). It found that implementing equal pay remains a challenge for councils more than a decade after the process was agreed, with around £750 million spent on settling claims so far and nearly 27,000 still outstanding. The Commission recommended that councils and elected members ensure that their pay arrangements are fair and transparent. There has been a good spread of media coverage.
7. The download statistics (with the increase from last month) for the reports published by the Commission over the last 12 months (as at 27 September) are shown below:

Report	Date	Report downloads	Report podcasts
Equal pay in Scottish councils	7 Sep 2017	394	107
Best Value Assurance Report: Renfrewshire Council	31 Aug 2017	293	
Self-directed support: 2017 progress report	24 Aug 2017	1,486	76
Best Value Assurance Report: Inverclyde Council	1 Jun 2017	946 (+81)	276
Accounts Commission annual report 2016/17	25 May 2017	809 (+40)	
Accounts Commission strategy and annual action plan 2017-22	25 May 2017	553 (+63)	
Accounts Commission engagement strategy and engagement plan 2017/18	25 May 2017	235 (+41)	
Accounts Commission engagement plan 2016/17	25 May 2017	112	
Accounts Commission action plan 2016/17	25 May 2017	115	
Local government in Scotland: Performance and challenges 2017	7 Mar 2017	4778 (+86)	45
East Dunbartonshire Council: Best Value audit report	15 Dec 2016	903 (+36)	86
Falkirk Council: Best Value audit report	1 Dec 2016	1067 (+50)	170
Local government in Scotland: Financial Overview 2015/16	29 Nov 2016	3846 (+64)	181
How Councils Work – Roles and working relationships in councils: are you still getting it right?	8 Nov 2016	3303 (+230)	
School education impact report	18 Oct 2016	95	
School education scrutiny supplement	18 Oct 2016	90	
Angus Council: Audit of Best Value	4 Oct 2016	941 (+51)	

Other business

8. On 1 September, the Minister for Local Government and Housing, Kevin Stewart, announced the [reappointment](#) of Alan Campbell and Sandy Cumming (for one year from 1 October 2017 to 31 December 2018) and Pauline Weetman (for four years from 1 December 2017 to 30 November 2021) as members of the Commission. He also announced an [extension](#) to the appointment of Christine May and Graham Sharp as members of the Commission (for six months from 1 October 2017 to 31 March 2018).
9. In September, the Accounts Commission participated in a research project, entitled *The difference that diversity makes to your board's governance*, which was developed by the Commissioner for Ethical Standards in Public Life in Scotland and the Scottish Government, to review the difference that diversity is making to the governance of Scotland's public body boards. As well as establishing an evidence-base for that, the project aims to share the practices that Scotland's disparate body chairs and boards have adopted to harness diversity. Every public body board in Scotland was encouraged to join. A submission from the Commission is available on the members' extranet.
10. At its last meeting, the Commission agreed to respond to the call for evidence by the Scottish Parliament's Equalities and Human Rights Committee in its Stage 1 scrutiny of the Gender Representation on Public Board (Scotland) Bill, by providing a

summary of the Commission's activities in recent rounds of recruitment of new members. The [response](#) was submitted as agreed.

11. On 27 September, the Commission met with representatives of Renfrewshire Council to discuss the Best Value audit of the Council, which was published on 31 August. The Commission was represented by Ronnie Hinds, Christine May and Geraldine Wooley. The Council was represented by the Leader, other senior elected members, the Chief Executive and the corporate management team. A note of the meeting is available on the members' extranet portal.
12. On 25 August, the Acting Chair met with office-bearers of the Society of Local Authority Chief Executives in Scotland (SOLACE). The Commission Secretary and Controller of Audit also attended the meeting. A note of the meeting is available on the members' extranet portal.
13. On 9 October, the Acting Chair will meet with office-bearers of COSLA. A note of the meeting will follow in due course.

Auditor General for Scotland

14. On 28 September, the Auditor General for Scotland published [the report of audit of the 2016/17 Scottish Government consolidated accounts](#). She found that the Scottish Government produced a sound financial report for 2016/17 and managed its budget effectively, but she underlined the need for further improvements as new financial powers are introduced.

Audit Scotland

15. On 23 August, the Share Intelligence for Health and Care Group published [Sharing Intelligence for Health & Care Group 2016-17 Annual Report](#). The group was formed two years ago to improve the quality of health and social care by sharing intelligence and is comprised of Audit Scotland, along with the Mental Welfare Commission, the Care Inspectorate, Healthcare Improvement Scotland, NHS National Services Scotland and NHS Education for Scotland.
16. On 18 September, Audit Scotland responded to the Scottish Government's proposals on cyber resilience for the public sector, on behalf of the Auditor General for Scotland and the Accounts Commission. The response is uploaded on the members' extranet.
17. The Edinburgh Tram Inquiry [public hearing](#) began on 5 September 2017. First to give evidence was former elected members of the City of Edinburgh Council (CEC), followed by officials from CEC and Transport Scotland. The [Inquiry's website](#) provides a witness timetable two weeks in advance and it would appear that the next set of witnesses are former employees of Transport Initiatives Edinburgh. It is not clear when the public hearing will conclude. Graeme Greenhill from Audit Scotland gave evidence to the Inquiry on 21 September, between CEC officials and Transport Scotland officials. The questioning largely related to the Auditor General's [2007 report](#) on the trams project, rather than the joint Auditor General and Accounts Commission [2011 report](#). The questioning concentrated on the time available to conduct the audit, what was known about any problems and/or delays with the tram project at that time and its governance arrangements.
18. On 2 October, Audit Scotland held its annual planning conference. This brings together those responsible for carrying out the audit, thus involving representatives of Audit Scotland and firms. It is used to launch the annual planning guidance which was published on 29 September and is available for information on the members'

extranet. The Acting Chair and the Auditor General both started the event with their thoughts around the process for the coming year.

Issues affecting local government

Scottish Government

19. On 21 August, the Scottish Government launched its plan to [strengthen the role of pharmacy](#) in both hospitals and the community. The strategy aims to transform the role of pharmacy across all areas of practice, increase capacity, and offer the best possible person-centred care.
20. On 22 August, the Scottish Government [published](#) the [report](#) of the Barclay Review of Non-Domestic Rates. It concluded that feedback from stakeholders highlighted concerns with the current system but “there was no strong appetite for a significant overhaul of the current property-based tax system”. The Review Group made 30 recommendations.
21. On 12 September, the Scottish Government published its [response](#) to the Barclay Review. The Cabinet Secretary for Finance Derek Mackay confirmed that he would implement the vast majority of the Review’s recommendations. These included more regular revaluations, relief for day nurseries, the establishment of the Business Growth Accelerator and reviewing the small business bonus scheme. He also confirmed a cap in rate rises for the hospitality sector and offices in Aberdeen and Aberdeenshire, first announced in February, will continue next year with an additional 12.5 per cent cap in real terms. Further consideration will be given to some of the other recommendations, including removing charity relief for arms-length organisations, independent schools and university accommodation and the reform of relief for sports clubs, empty properties and properties in active occupation and the levying of rates on parks, to be concluded by the end of the year.
22. On 22 August, the Scottish Government announced a total of [£28 million investment for four new schools](#) in Scottish Borders, Glasgow and South Lanarkshire. These projects form part of the fifth phase of the £1.8 billion ‘Schools for the Future’ programme.
23. On 23 August, the Scottish Government published the [Government Expenditure & Revenue Scotland 2016-17](#). Scottish public sector revenue was estimated at £58 billion (eight per cent of UK revenue). Of this, £208 million was North Sea revenue and £57,743 million was Non-North Sea revenue (an increase of six per cent). Scottish public sector deficit was £13.3 billion (8.3 per cent of Scottish GDP and this is an improvement on the figures for 2015/16 where Scotland’s deficit was 9.3 per cent), compared to a UK deficit of £46.2 billion (2.4 per cent of UK GDP).
24. On 23 August, the Scottish Government announced that 13 projects across 15 councils will receive [£2.5 million funding through the Employability Innovation and Integration Fund](#) to help people access employment and training. The projects include an approach in Fife which will increase employment outcomes for people suffering mental ill-health and an approach in North Lanarkshire to join up services for homeless residents who have recognised health, social care and housing support needs. The details of each project are available [here](#).
25. On 24 August, the Social Security Minister, Jeanne Freeman, [met](#) representatives of councils for the round table meeting to encourage more people to claim benefit support they are entitled to. It is estimated that, in 2014/15, for tax credits and the main income-related benefits, there could be over 500,000 cases of individuals or families in Scotland not claiming benefits they were entitled to. The DWP [estimates](#) that around £13 billion a year is not claimed by people despite being entitled, ten

times what it says it loses in benefits fraud.

26. On 25 August, the Scottish Government [wrote](#) to schools, nurseries, colleges and universities, urging them to help Scotland become the first Daily Mile Nation. Around 800 Scottish primary schools currently take part in the initiative, which encourages people to walk, jog or run a mile every day. It is now being rolled out beyond the school sector.
27. On 25 August, the Scottish Government launched [a consultation on Free Bus Travel for Older and Disabled People and Modern Apprentices](#) (to be closed on 17 November). It seeks views on the concessionary travel scheme for older and disabled people to look at options to ensure the longer-term sustainability of the scheme. It also asks views on the government's proposal to provide free bus travel to Modern Apprentices and to provide free companion travel for eligible disabled children under five who are not currently covered by the scheme. It is proposed that the Commission does not respond to this consultation.
28. On 25 August, the Scottish Government launched [a consultation on Guidance for Local Authorities when carrying out their new duties and functions under Part 9 of the Community Empowerment \(Scotland\) Act 2015](#) (to be closed on 17 November). Part 9 of the Act updates and simplifies allotments legislation. As much of what is contained within Part 9 can be taken at face value, the consultation focuses on those areas where further guidance could be beneficial. It is proposed that the Commission does not respond to this consultation.
29. On 29 August, the Scottish Government published [Free Personal and Nursing Care, Scotland, 2015/16](#). It reported that, in 2015/16, nearly 78,000 people in Scotland benefited from Free Personal and Nursing Care (FPNC), with nearly 31,000 people in Care Homes and approximately 47,000 people living in their own home. Local authorities spent £127 million on FPNC payments to self-funding Care Home residents, around the same as in the previous year, while they spent £371 million on providing personal care services to older people in their own home, an increase of two per cent on the previous year.
30. On 29 August, the Scottish Government [announced](#) that additional powers have been given to Glasgow City Council to tackle problems in the private rented sector in Govanhill. An application has been approved to designate a further 14 tenement blocks in Govanhill as an Enhanced Enforcement Area (EEA). It follows a previous EEA granted in the area in 2015 covering four tenement blocks. The new powers include the right of entry to properties that are subject to complaints from residents about the way they are being managed by private landlords. This will help the council identify persistent problems including poor environmental standards and overcrowding.
31. On 31 August, the First Minister, Nicola Sturgeon [set out](#) her vision to support the Scottish economy. She stated that Scotland must be capable of designing and producing the products of the future if the economy is to thrive. She made clear an ambition for Scotland to be at the forefront of technological and social innovations, and announced an additional £45 million to boost research and development, as well as additional help for key industries and entrepreneurs.
32. On 1 September, the Scottish Government published [a report on the impacts of UK welfare policy on families with children](#). This is supplementary to the Scottish Government's [annual welfare reform report](#) (published in June), focusing on impacts on families with children, which are still to be seen by households as many of the changes were brought in recently (April 2017). The report mainly looked at what the financial impacts of these welfare policies will be by 2020 through illustrative case studies.

33. On 5 September, the Scottish Government published [the Government's Programme for 2017/18](#). The Programme places improving education and closing the attainment gap as the Government's first priority. It commits to lifting the public sector pay cap. It includes a comprehensive review of local governance to be launched ahead of a Local Democracy Bill later in the Parliament. It pledges to implement 'Frank's Law' to provide free personal care to those under 65. The programme contained [16 new bills](#). Those most relevant to local government are:
- Budget Bill: It provides parliamentary approval for the Scottish government's spending plans. The Government has opened a debate about how to best use tax powers.
 - Climate Change Bill: It would set out new targets for the reduction of greenhouse gas emissions and introduce low emission zones in Scotland's four biggest cities by 2020.
 - Crown Estates Bill: It will establish a framework for the management of Crown Estate assets to ensure local communities, authorities and industry can benefit from this change.
 - Education Bill: It would take forward education reform which began in the last parliament.
 - Planning Bill: It includes measures for a "simpler, more effective" system of development plans so it is clearer how areas will develop in the future.
 - Transport Bill: It includes measures to help improve local bus services.
34. On 5 September, the Scottish Government published [a feasibility study](#) into the extension of Free Personal Care to people under 65. It found that in the region of £10 million is currently collected by local authorities from charges for personal care for people under 65 and stated that modelling of the possible costs of responding to unmet need by providing additional services is being undertaken. The major concerns from local authorities' feedback included that the change would lead to a loss of income towards the cost of care, together with an anticipated increase in demand and lead to additional workforce challenges. Scottish Ministers will consider the outcome of this study and advise on their approach in due course.
35. On 7 September, the Scottish Government issued [guidance on regulating landlords](#) in the private rented sector to all local authorities to help them effectively regulate the landlord registration system. Landlord registration gives local authorities the ability to control and regulate who can operate legitimately as a private landlord.
36. On 8 September, the Deputy First Minister John Swinney [announced](#) the expansion of a campaign, encouraging parents and carers to include reading, writing and numeracy in everyday activities to children in Primaries four to seven. The supporting kits have been developed by the Scottish Book Trust and Education Scotland. Maths Week Scotland ran from 11 to 17 September.
37. On 8 September, [the fifth meeting of a Ministerial Working Group](#), set up to review building and fire safety following the Grenfell Tower tragedy, was held. The Group received an update on checks taking place across Scotland, including the NHS estate. Ministers welcomed the launch of [a consultation on fire and building safety](#), which will better protect all homes against fire and smoke. The consultation was launched to look at whether the same standard should be applied across all types of housing – whether it is new-build, privately or socially rented or owner-occupied.
38. On 9 September, the Local Government Minister Kevin Stewart [announced](#) that communities across Scotland can bid to take part in a new £325,000 scheme to regenerate their neighbourhood under the Making Places Initiative. The initiative

helps bring communities together to agree improvements for their area based on local need and priorities.

39. On 13 September, Transport Scotland launched consultations on [the future of smart ticketing in Scotland](#) and [local bus services in Scotland – improving the framework for delivery](#) (to close on 5 December). The smart ticketing consultation seeks to build on the success of smart zones in Aberdeen and Dundee to create and launch a national e-purse across all transport operators by 2018, set up a common smart ticketing or payment platform for transport operators and build on future technological advances so that the ticketing systems can be improved over time. The bus services consultation examines the future provision models for bus services, including transport partnerships and the localised franchising of routes. It is proposed that the Commission does not respond to this consultation.
40. On 13 September, the Economy Secretary Keith Brown [confirmed](#) an interim partnership to support economic growth in the South of Scotland will be in place by the end of 2017. The public-private partnership will prepare the ground for the establishment of South of Scotland Enterprise Agency.
41. On 14 September, the Finance Secretary Derek Mackay [wrote](#) to opposition parties asking for confirmation of their proposals for income tax policy in Scotland, in order for them to be included in a discussion paper as announced in the Programme for Government. The paper will be published later this year, ahead of the 2018/19 draft budget.
42. On 18 September, the First Minister, Nicola Sturgeon announced that Scotland's new social security agency will be [based in Dundee](#). A major site will also be in Glasgow and 1,500 new jobs are expected to be created across both cities.
43. On 19 September, the Scottish Government [published](#) a location analysis on the Central Functions of the social security agency (Phase 1 and 2). The analysis set out the results of Phase 1 and 2 of the process to decide where the social security agency's centrally based functions will be located. Phase 1 consisted of a high-level analysis of all 32 local authorities, which ruled out 17 of them for clear operational reasons. Phase 2 considered detailed quantitative evidence, which resulted in a recommended shortlist of four local authorities, namely, Glasgow City, North Lanarkshire, South Lanarkshire and Dundee City. Phase 3 of the process will follow to shortlist suitable properties or new built sites.
44. On 19 September, the Housing Minister Kevin Stewart [revealed](#) details of a new short term action group which will address homelessness and rough sleeping in Scotland. The group will be chaired by Jon Sparkes, Chief Executive of Crisis, and its members will be appointed shortly. The Minister also announced a new £50 million 'Ending Homelessness Together' fund which will fund homelessness prevention initiatives over the next five years.
45. On 20 September, the Scottish and Welsh Governments [jointly published amendments](#) to the European Union (Withdrawal) Bill. [The amendments](#) remove the proposed ability for UK Government Ministers to act unilaterally within devolved policy areas and instead sets an obligation to seek consent to act in these areas from the Scottish and Welsh Governments.
46. On 20 September, the Deputy First Minister and Education Secretary John Swinney [restated](#) the government's commitment to Curriculum of Excellence as a teacher-led approach to learning.
47. On 22 September, the Scottish Government [announced](#) that the Finance Secretary Derek Mackay [wrote](#) to the Finance and Constitution Committee, agreeing a

timetable for the Scottish Government's 2018/19 draft budget. He proposed setting out the budget plans on 14 December, subject to parliamentary approval, three weeks after the Chancellor is due to deliver the Autumn Budget. In his letter, he also agreed to begin implementing the Budget Process review group recommendations, which will involve a shift to a year-round budget process, a greater focus on what spending is actually achieving, and the introduction of a medium-term financial strategy from 2019/20.

48. On 26 September, the Scottish Government published [Scotland's People Annual Report: Results from the 2016 Scottish Household Survey](#) and its [key findings](#). The report covers a range of policy areas, including homes, neighbourhoods and views on local public services. It found that:
- Satisfaction with the public services (local health services, schools and public transport) was down from a peak of 66 per cent in 2011 to 56 per cent in 2016, at its lowest level since first measured in 2007.
 - Satisfaction with these three public services among service users is generally higher than that of the whole adult population, and is more stable over time.
 - Adults living in urban areas were more satisfied with the quality of the three public services than those in small towns and rural areas, mainly due to greater satisfaction with public transport.
 - As for involvement in local decision making, just over a third of adults in 2016 said they would like to be more involved in the decisions their council makes with 23 per cent agreeing that they can influence decisions affecting their local area.
 - Generally, older adults were more likely than younger adults to say they are satisfied with local government performance and less likely to want to be more involved in making decisions.
49. On 26 September, Revenue Scotland published its [annual report for 2016/17](#). Over £630 million was collected in 2016/17 across the fully devolved taxes (Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax), an increase of £61 million compared to the previous year. LBTT was £483 million, falling short of projected revenues by more than £50 million while the Landfill Tax exceeded expectations, yielding £149 million against a forecast of £133 million.
50. On 28 September, the Scottish Government announced [£1 million to improve school libraries](#) over the next three years. The School Library Improvement Fund will be open for education authorities to apply for funding on behalf of school libraries in their area.
51. On 28 September, the Scottish Government published [the Scottish Government Consolidated Accounts](#) and [the Scottish Consolidated Fund Accounts](#). The accounts show an underspend of £85 million, the lowest since 1999.
52. On 28 September, the Social Security Minister Jeane Freeman and COSLA Community Wellbeing Spokesperson Kelly Parry [wrote](#) to the Secretary of State for Work and Pensions David Gauke. They raised a number of concerns over the roll out of full service universal credit system and urged the UK Government to reconsider a pause in the rollout to allow DWP officials the space to pursue workable solutions. On 1 October, David Gauke [stated](#) that there would be no delay in the rollout, planned for next week.
53. On 3 October, the Scottish Government published the [Scottish Health Survey 2016](#). The result is broken down by [local areas](#). It shows that the proportion of adults who rate their general health to be good or very good was significantly lower in Dumfries and Galloway (69 per cent), Ayrshire and Arran, and Greater Glasgow and Clyde

(both 70 per cent) than in Scotland as a whole (74 per cent). In Orkney (83 per cent), Lothian (79 per cent), and Grampian (78 per cent), the proportion in good or very good health was significantly higher than the estimate for Scotland.

54. On 3 October, the Deputy First Minister and Education Secretary John Swinney [announced](#) that the six new boards will be expected to help share good practice across council boundaries. He confirmed that the Scottish Government had agreed with COSLA over what powers the improvement collaboratives will have. Regional improvement leads will be appointed in each region by the end of October, and each collaborative will have a detailed improvement plan in place by next January 2018. This is also covered in the paper on today's agenda on the response of the Commission to the Scottish Government consultation on 'Fair funding to achieve excellence and equity in education'.
55. On 4 October, the Scottish Government launched [a consultation](#) on measuring the attainment gap and milestones towards closing it (to be closed on 20 November). It proposes an approach that could be used to assess progress in literacy, numeracy and health and wellbeing for children and young people aged 3-18. It also seeks views on key milestones for closing the gap between those from the most and least disadvantaged backgrounds.

Scottish Parliament

General:

56. On 18 August, SPICe published a briefing on [Non-Domestic Rates and operating surplus 2011-2014](#). Non-Domestic Rates (NDR) as a share of operating surplus (Gross Value Added minus wages) has remained relatively constant from 2011 to 2014 at around 3.4 per cent. Regional differences in the cost of NDR for businesses relative to their performance reflect expected geographic differences in rateable values. NDR as a share of operating surplus is significantly higher in the accommodation and food services sector than in any other sector of the business economy, particularly construction and manufacturing.
57. On 24 August, SPICe published a briefing on [the European Union \(Withdrawal\) Bill: Implications for Scotland](#). The paper examined the proposals in the Bill focussing on those which relate to the role and powers of the Scottish Parliament and Scottish Government. The Bill was introduced in the UK Parliament in July. The UK Government has indicated that it will seek legislative consent from the devolved legislatures for the Bill. However, the Scottish and Welsh governments have not reached agreement, saying they cannot support the Bill in its current form.
58. On 31 August, SPICe published a briefing on the [Social Security \(Scotland\) Bill](#). The Bill sets out the framework of a new Scottish social security system, and the principles that will underpin it to deliver the social security benefits devolved by the Scotland Act 2016, once a new social security agency has been set up. The bill also provides a legislative platform for discretionary housing payments, which are already devolved and will continue to be delivered by local authorities.
59. On 1 September, SPICe published a briefing on the [Children and Young People \(Information Sharing\) \(Scotland\) Bill](#). The Bill makes changes to information sharing in relation to named persons and child's plans. These were legislated for in the Children and Young People (Scotland) Act 2014 but the relevant provisions have not commenced. The current bill is the Scottish Government's response to the Supreme Court ruling that the information sharing provisions of that Act are outwith the competence of the Scottish Parliament.

60. On 1 September, SPICe published a briefing on [Scotland's Business Base – Facts and Figures](#). The paper set out a variety of evidence to help understanding on all aspects of Scottish business stock, such as, industry sectors, size, ownership, manufacturing and current challenges.
61. On 4 September, SPICe published a briefing on [the Islands \(Scotland\) Bill](#). The briefing provided an overview of the background to the introduction of the Bill and a brief summary of the Bill.
62. On 4 September, SPICe published a briefing on [Brexit: The Financial Settlement and the Withdrawal Agreement](#). The document provided background information about the EU budget and the UK contributions to the budget along with the EU27's proposals for the financial settlement.
63. On 14 September, SPICe published a briefing on [the Gender Representation on Public Boards \(Scotland\) Bill](#). It introduces the 'gender representation objective' - a target that women should make up 50 per cent of non-executive board membership, to certain public bodies, colleges, and Higher Education Institutions.
64. On 18 September, SPICe published a briefing on [Gross Disposable Household Income \(GDHI\)](#) in Scotland 2015. GDHI is the money individuals have to spend on household bills, food and other items, defined by the total amount of money households have available for spending or saving after tax and National Insurance contributions. It shows that Scotland has the fifth highest level of GDHI per person at £18,315 across the regions in the UK, which is just below the UK average of £19,106 per person. There has been variation in performance across Scotland. Aberdeen City and Aberdeenshire recorded the largest disposable household income per person in Scotland at £22,000 in 2015 while East Ayrshire and North Ayrshire mainland saw the lowest at £16,000.
65. On 20 September, the Scottish Parliament [backed](#) the principle of a rise in income tax to pay for services. Scottish Labour introduced the debate. The SNP abstained and the Greens and the Lib Dems backed it while the Conservatives opposed it.
66. SPICe has created an [information hub](#) on the UK's decision to leave the EU. Its weekly updates on this issue are also available through this hub.

Parliamentary Committees:

Local Government and Communities Committee

67. At its [meeting](#) on 6 September, the Committee considered its work programme and agreed its approach to the scrutiny of the Scottish Government's [Draft Budget 2018-19](#).
68. On 14 September, the Committee [announced](#) its review into local government spending and revenue-raising, ahead of its scrutiny of the Scottish Government's draft budget 2018/19 as part of pre-budget scrutiny looking back at what has actually been spent in 2016/17 and (to the extent possible) 2017/18. It will look at how local authorities prioritise spending and assess the impact of increased charges and whether resources are managed effectively. The Committee launched [a call for views](#) (to be closed on 23 October) to inform oral evidence taken from stakeholders and the Scottish Government towards the end of the year. The Commission will directly engage with the Committee in November. Therefore, it is proposed that the Commission does not respond to this consultation.
69. At its meeting on [13](#), [20](#) and [27](#) September, the Committee took evidence on building regulations and fire safety in Scotland from Scottish Government, COSLA,

Glasgow City Council and others. Glasgow City Council revealed that 57 privately owned high-rise properties in Glasgow have been [fitted with combustible cladding](#). The Committee also took evidence on homelessness from charitable bodies and NHS Health Scotland and agreed to defer consideration of the evidence heard to a future meeting.

70. On 13 September, the Committee published its report on the [Post-Legislative Scrutiny of the Disabled Persons' Parking Places \(Scotland\) Act 2009](#). It found that, while the Act was working well, there was an underlying issue around people's lack of understanding about how misuse of parking impacted on disabled people's quality of life. It also called for a consistent approach on enforcement, with questions raised around the capacity of Police Scotland versus encouraging local authorities to adopt decriminalised parking enforcement powers.

Public Audit and Post Legislative Scrutiny Committee

71. At its [meeting](#) on 7 September, the Committee took evidence on the Common Agricultural Policy Futures programme from Scottish Government, Auditor General for Scotland and Audit Scotland (Gemma Diamond, Senior Manager). It agreed to write to the Scottish Government about various issues arising from the Auditor General's report.
72. At its [meeting](#) on 14 September, the Committee took evidence on Scotland's colleges 2017 from Scottish Government, Auditor General for Scotland and Audit Scotland (Stuart Nugent, Audit Manager and Mark MacPherson, Senior Manager) and others. It agreed to write to the Cabinet Secretary for Education and Skills about pay levels at Glasgow Colleges' Regional Board, and to highlight to the Education and Skills Committee issues arising from its scrutiny of this audit.
73. At its [meeting](#) on 21 September, the Committee took evidence on NHS workforce planning from Auditor General for Scotland and Audit Scotland (Richard Robinson, Audit Manager and Nichola Williams, Auditor). It agreed to take oral evidence from health boards and the Chief Executive of NHSScotland.
74. On 25 September, the Committee [published](#) recommendations to improve the National Fraud Initiative (NFI) in Scotland, following its post-legislative scrutiny of the scheme. The recommendations included extending Audit Scotland's powers and having it consider voluntary access to the NFI; and calling on the Scottish Government and Audit Scotland to work with participating bodies to consider how best to raise public awareness of the NFI and how its successful outcomes could best be publicised.
75. At its [meeting](#) on 28 September, the Committee took evidence on Self-Directed Support 2017 Progress Report from Audit Scotland (Fraser McKinlay, Director of Performance Audit and Best Value, Antony Clark, Assistant Director, Lorraine Gillies, Senior Manager, and Zoe McGuire, Auditor). It agreed to take further oral evidence on the report at future meetings.
76. On 2 October, the Committee [set out](#) areas for improvement within public sector boardrooms across Scotland in a letter to the Scottish Government, after considering various reports by the Auditor General for Scotland that raised governance concerns. It found that many of the criticisms made in an Audit Scotland report of 2010, on the role of boards in Scotland, were still valid seven years on.

Finance and Constitution Committee

77. At its [meeting](#) on 13 September, the Committee took evidence on the Scottish Fiscal Commission Forecast Evaluation Report 2017 from the Scottish Fiscal Commission.

It also took evidence on the financial memorandum of Social Security (Scotland) Bill from the Scottish Government.

78. At its [meeting](#) on 20 September, the Committee took evidence on legislative consent memorandum of European Union (Withdrawal) Bill (UK Parliament Legislation) from Scottish Government. It also took evidence on the Budget Process Review Group's final report from Auditor General for Scotland and others.
79. At its [meeting](#) on 27 September, the Committee took evidence on the outlook for the UK Public Finances from Institute of Fiscal Studies. It also took evidence on the impact of Brexit on the Scottish Budget from the academics.

Others

80. On 1 September, the Education and Skills Committee published a [report on teacher workforce planning](#), following its inquiry into shortages in the profession. The Committee noted that the Scottish Government has already taken action to address a number of issues and that it will take time for this to impact. However, it said there is scope to: improve workforce planning processes; make teaching more appealing and improve retention levels; remove barriers for those wanting to become teachers; and ensure student teachers feel, and are, sufficiently equipped for the classroom. The report made over 30 recommendations.
81. On 12 September, the Health and Sport Committee published a report "[Are they involving us? Integration Authorities' \(IAs\) engagement with stakeholders](#)". The report found that, while there are examples where stakeholder engagement has been working well, stakeholders are not embedded in decision-making processes across all IAs and at all decision-making stages. The Committee requested the Scottish Government provide further information on the guidance and assistance it provides to IAs in supporting their navigation through often competing priorities.
82. On 3 October, the Education and Skills Committee published a [report on the safety of the school estate in Scotland](#), following the collapse of a wall at Oxbgangs Primary School in Edinburgh. The Committee recommended that public bodies maintain a strong interest in the quality and safety of their estates regardless of how the construction is being funded.
83. At its [meeting](#) on 3 October, the Economy, Jobs and Fair Work Committee took evidence on economic data from Audit Scotland (Gemma Diamond, Senior Manager) and others, and considered the evidence heard at the meeting.

Current activity and news in Scottish local government

COSLA

84. On 14 August, COSLA [commented](#) on teacher recruitment, stating that the issue is "a long term problem that will require a long term solution", while acknowledging that "Councils do their best to attract teaching talent to their area with many offering incentives."
85. On 22 August, COSLA [welcomed](#) the Barclay Review, while it was "disappointed that the review did not seek to strengthen local democracy or enhance the relationship between local economic development and national business rates". It stated that it will consider the recommendations in detail and will discuss their position on the review with the Scottish Government.
86. On 23 August, COSLA [announced](#) that Aberdeen City Council has decided to rejoin to the organisation, saying that "This was rightly and properly a democratic decision

for the council to take and it is wonderful that they have chosen to return to the COSLA fold”.

87. On 24 August, COSLA [welcomed](#) the Accounts Commission/Auditor General for Scotland’s SDS support report. It [commented](#) that the ring-fenced amount is not sufficient to meet growing demand against the backdrop of cuts to the overall local government budget and this impacts other council services. It stated that “If we really want to protect the NHS, we need to re-think what we mean by social care and what that means for where we target limited public resources”.
88. On 6 September, COSLA [welcomed](#) the Scottish Government’s announcement on new steps to tackle homelessness, stating that the Scottish Government and COSLA have a shared commitment to this issue and will ensure that this ambition is met with action.
89. On 7 September, COSLA [welcomed](#) the Accounts Commission’s equal pay report, commenting that it “recognises the complex judicial processes and huge costs that councils have faced as they have worked hard to meet their equal pay obligations”.
90. On 9 September, COSLA [stated](#) that concessionary travel for all carers, irrespective of their income or the amount of care they provide, may not represent the most effective use of the limited resources we have available to support carers, especially where we aim to target resources towards those carers in the greatest need. It emphasised that it is important to ensure that support is tailored to individual need so that we make the very best use of finite resources.
91. On 12 September, COSLA [welcomed](#) the Scottish Government’s approach in relation to further discussion around the Barclay Review of non-domestic rates. COSLA has been invited onto the Government’s Advisory Group to consider some of the proposed reforms. It specifically stated the need to further consider the reforms on the removal of charitable relief from the ALEOs that run council leisure services.
92. On 17 September, COSLA [acknowledged](#) that community pay-back orders need to start as soon as possible and stated that, “in the near future, the savings within one part of the public sector will need to be shifted to fund the community based alternatives”.
93. On 29 September, COSLA [announced](#) that key functions and structure for the new regional collaboratives had been agreed with the Scottish Government as part of the Scottish Government’s school governance reform. Now to be called ‘Improvement Collaboratives’, the six regional groups will report to the chief inspector of Education Scotland but be accountable to the participating local authorities.

Improvement Service

94. In July, the Improvement Service [reported](#) on Income Generation Research. The paper provided an overview of research on income generation within councils in the UK and to provide examples of councils who have successfully undertaken projects or have altered how they deliver their services to generate income for their area.
95. In August, the Improvement Service [reported](#) its progress on its [Spatial Hub](#), which provides a single point of access to quality-assured Scottish local authority data in a consistent format. Currently, 20 national datasets are available, including green belt and school catchment areas. While access to these datasets is limited to One Scotland Mapping Agreement members (including Audit Scotland) at the moment, work is ongoing to complete the necessary licence arrangements to extend and open up access so that all can benefit from the value of this resource.

96. In August, the Improvement Service [published](#) a briefing note on civil contingencies and emergency preparedness for elected members. The paper explained the roles and responsibilities of elected members under the Civil Contingencies Act 2004 and in preparing for, responding to and recovering from emergencies.
97. In August, the Improvement Service [published](#) research on parents' views of schools' communications and the development of an online portal. It reviewed the current methods of communication and listed recommendations from parents to develop an online portal, including ensuring security, considering the end user and giving pupils access but in a limited way with a separate log-in.
98. In September, the Improvement Service [announced](#) that it will support the Scottish Government's commitment to deliver the expansion of funded early learning and childcare provision from 600 hours to 1,140 hours by 2020. It is in the process of recruiting nine officers, which will provide change management, business analysis and knowledge management support.

Standards Commission for Scotland

99. On 10 August, the Standards Commission [produced](#) an Advice Note, which aims to provide advice to councillors on how and when to declare an interest at meetings.
100. On 1 September, the Standards Commission updated [the revised Guidance on the Councillors' Code of Conduct](#) to ensure it remains fit for purpose. The latest version, which incorporates the Code, comes into effect from 1 September. No substantive amendments to the Guidance have been made. However, some of the guidance notes have been clarified in light of feedback and queries received. The Commission [responded](#) to the Scottish Government's consultation on this issue in March.

Individual councils

101. On 23 August, Aberdeen City Council [appointed](#) co-leaders for the first time in its history, with power to be shared between the Scottish Conservatives, former Labour councillors and independents. Previous council leader, Jenny Laing and Conservative group leader, Douglas Lumsden were appointed as co-leaders. On the same day, it agreed to rejoin COSLA.
102. In August, it was [reported](#) that eight councils in the Glasgow City region have pursued [a region-wide education collaborative](#), following the model of Northern Alliance of councils. Initial work has been undertaken, focusing on developing and establishing the principles and practice of collaboration. The collaborative is an alternative approach to a partnership model proposed by the Scottish Government, as part of its school governance review. It would report to the Glasgow City Region Education Committee which would be established as a sub-committee of the Glasgow City Region Cabinet. The councils involved are East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire councils.
103. On 31 August, Clackmannanshire Council [published further details](#) of the Stirling and Clackmannanshire City Deal bid. A range of potential projects are being developed under three categories, namely, Investor Confidence, Inclusive Growth and Sustainable Place.
104. On 21 September, the City of Edinburgh Council [approved](#) the outline business case to extend the Edinburgh tramline to Newhaven. A tendering process will now get under way to appoint a contractor partner for the project. A final decision on taking the tram to Newhaven will be expected in autumn 2018.

By-elections

105. There have been two by-elections since my last report.
- On 7 September, Jim Kavanagh (Labour) held the seat for the Cardonald ward of Glasgow City Council, following the death of Labour councillor Alistair Watson.
 - On 7 September, Clare Quigley (Labour) gained the seat for the Fortissat ward of North Lanarkshire Council, following the refusal of Conservative councillor-elect Sandy Thornton to sign his declaration of acceptance of office.

Scrutiny, inspection, regulatory and related bodies

Education Scotland

106. On 3 October, Education Scotland announced [a new approach](#) to scrutiny and improvement. It states that its “inspections and improvement activity will reach every school every year”. The new suite of interventions includes a significant increase in school inspection, moving from 180 to 250 schools per year initially (to be implemented from April 2018). More detail about further increases in school inspections will be included in a new Standards and Evaluation Framework published in December 2017. A clear new purpose and streamlined priorities for the agency will be outlined in its new corporate plan which will be consulted before the end of the year.

Scottish Housing Regulator

107. On 31 August, the Scottish Housing Regulator published the [National Report on the Scottish Social Housing Charter – Headline Findings 2016/17](#). The document provided an analysis of the information reported by Scottish social landlords on their performance in achieving the standards and outcomes in the Scottish Social Housing Charter. It found that Scottish social landlords continue to perform well across most of the standards and outcomes of the Charter.

Care Inspectorate

108. On 29 August, [a joint inspection report](#) on services for children and young people in West Lothian was published. The inspection was carried out by the Care Inspectorate with Education Scotland, Healthcare Improvement Scotland and Her Majesty’s Inspectorate of Constabulary for Scotland between 6 March and 28 April 2017. The report found that services for children and young people are improving outcomes for children and having a positive impact on their lives, as a result of committed leadership, an ambitious shared vision and effective community planning, while noting that some services could further improve.
109. On 19 September, the Care Inspectorate published [Early Learning and Childcare Statistics 2016](#). The report found that the number of children registered in early learning and childcare increased by one per cent in 2016. It also highlighted that the quality of services remained high with over 90 per cent of childminders and just below 90 per cent of daycare of children services found to be good or better for all quality themes.
110. On 28 September, [a joint inspection report](#) on services for older people in the Scottish Borders was published. The inspection was carried out between October 2016 and February 2017 by the Care Inspectorate and Healthcare Improvement Scotland. The report found that health and social care services in the Scottish

Borders are delivering some positive outcomes for some older people in the area, but there are also some key weaknesses in the delivery of some important services.

Scottish Public Sector Ombudsman (SPSO)

111. The SPSO's [newsletter – August](#) and [–September](#) outline investigation reports, recent SPSO news and highlight emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the '[Our findings](#)' webpage. More detailed intelligence from the SPSO was considered last week in the FAAC meeting and will be considered six-monthly.

Commissioner for Ethical Standards in Public Life in Scotland

112. Since my last report, the Commissioner published two decisions on complaints relating to councillors. The Commissioner decided that:
- Councillor Chris McEleny, [Inverclyde Council](#) did not breach the Councillors' Code of Conduct.
 - The issues against Councillor Paul McLennan, [East Lothian Council](#) could not amount to a contravention of the Councillors' Code of Conduct.

Standards Commission for Scotland

113. There have been two hearings by the [Standards Commission](#) since my last report:
- At a [hearing](#) on 26 July, the Commission censured former councillor William McAllister of Glasgow City Council, for indulging in offensive personal attacks and making unfounded accusations.
 - At a [hearing](#) on 22 August, the Commission censured councillor Eric Gotts of East Dunbartonshire Council, for failing to treat officers with courtesy and respect and failing to refrain from disclosing confidential information.

UK Government

114. On 16 September, the Scottish Secretary, David Mundell announced the creation of [a new Scottish business taskforce](#) to help advise the UK Government on economic and industrial policy. He commissioned former UK Government minister Andrew Dunlop to chair a group. The group's membership will be announced shortly.

UK Parliament

Communities and Local Government Committee

115. On 15 September, the Committee [announced](#) that it will continue the work of the previous Committee in its inquiry on local scrutiny to establish whether the overview and scrutiny model is meeting its objectives of the Local Government Act 2000 and consider how decision-makers can best be held to account.
116. On 15 September, the Committee [announced](#) that it will continue the work of the previous Committee in its inquiry on housing for older people in England. It will examine whether the housing on offer for this group of people is sufficiently available and suitable for their needs in the context of significant housing shortages, rising numbers of older people and pressures on health and social care.

Scottish Affairs Committee

117. On 14 September, the Committee launched the [My Scottish Affairs inquiry](#). The Committee invited people from across Scottish society to highlight issues that matter to them to steer the Committee in deciding the future direction of its work. It will

accept submissions via Facebook, Twitter and the Committee website until 6 October.

Other UK Audit Bodies

National Audit Office (NAO)

118. On 12 September, the NAO published [Retaining and developing the teaching workforce](#). It highlighted that schools, especially secondary schools, face real challenges in retaining and developing their teachers. The trends over time and variation between schools are concerning, and there is a risk that the pressure on teachers will grow. It stated that the Department for Education cannot demonstrate that its interventions are improving teacher retention, deployment and quality.
119. On 13 September, the NAO published [Homelessness](#). It found that the UK Government has not evaluated the impact of its welfare reforms on homelessness, or the impact of the mitigations that it has put in place. There were 77,240 households in temporary accommodation in March 2017, an increase of 60% since March 2011, with many local authorities now seeing it as a risk to their financial sustainability. Local authorities spent £1.15 billion for homelessness, with more than three quarters spending on temporary accommodation.
120. On 14 September, the NAO published [a round-up for Audit Committees](#). The interactive report is published six-monthly, in spring and autumn, to help Audit Committees, Boards and other users by providing an overview of the latest NAO reports and communications for governance and oversight, risk management and strategic management issues.
121. On 18 September, the NAO published [Key findings from an investigation into low- and medium-value property sales](#). Out of 29 properties it tested, 25 properties (86 per cent) were sold at or above their valuations. Only nine properties, out of 18 which was considered to have potential for enhancement, were sold with overage provisions. Common difficulties include that a number of the properties lacked comparable evidence of market value.

Wales Audit Office (WAO)

122. On 31 August, the WAO published [the Welsh Government's Supporting People Programme](#). The programme provides grant funding to local authorities to deliver directly, or through third-party providers, housing-related support services and supports around 67,000 individuals and families. The report concluded that action taken to address some longstanding concerns about the Programme's design and delivery has not always been effective. Progress in some areas has been slow, including developing an approach to evaluation for understanding the Programme's impact.

Others

123. On 7 September, a study commissioned by the EIS was published. The study, carried out by academics at Bath Spa University found that [the working conditions of Scotland's teachers](#) are "extremely poor", with 40 per cent considering leaving their job within the next 18 months. It said that Scottish teachers have high demand levels, poor control over performing their functions, poor support from management, at times strained work relationships, a poor understanding of their role in an organisation, and are exposed to much organisational change without consultation.
124. On 12 September, OECD [published Education at a Glance 2017](#). The annual report provided comparative analysis on key information including the output of educational

opportunities and outcomes, access to education and the financial and human resources invested in education. It found that teacher pay in the UK was lower in real terms in 2016 than it was ten years earlier - the salaries of experienced teachers have dropped 12 per cent in England and six per cent in Scotland over the decade.

125. On 17 September, Nuffield College, University of Oxford published [Public Spending in Scotland: Relativities and Priorities](#). It found that overall public expenditure in Scotland remains markedly higher than in England. Spending on devolved services in Scotland is and has consistently been for the last decade around a quarter per head higher than in England. This is not converging towards English levels mainly due to the decline in Scotland's population relative to England's. In terms of devolved spending priorities, the report highlighted that spending on schools has been no higher than spending on schools in England while increasing spending on health has been a lower priority than in England.

Conclusion

126. The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Commission
4 October 2017

MEETING: 12 OCTOBER 2017

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

STRATEGIC SCRUTINY GROUP – UPDATE

Purpose

1. This report updates the Commission on the progress of the Strategic Scrutiny Group (SSG) and provides further details on a review of the Shared Risk Assessment, its consideration of a collective scrutiny approach to community empowerment and its forward work programme.

Scope of this report

2. The SSG most recently met on 7 August 2017. The meeting focused on three substantive issues:
 - (i) **Review of the Shared Risk Assessment (SRA) process.** The SSG agreed at the previous meeting that a review of the SRA process should be carried out. In part this was due to changes that have taken place to the scrutiny and public sector delivery landscape since the SRA was established in 2009. The paper set out areas of improvement and issues for the group to consider in relation to the future of the SRA (Appendix 1).
 - (ii) **Collaborative scrutiny response to the Community Empowerment (Scotland) Act.** At previous meetings to discuss their work programme, the SSG agreed that community empowerment is of interest to all scrutiny bodies and committed to further work, led by Audit Scotland. At its last meeting the group considered an initial paper on this work (Appendix 2).
 - (iii) **Work programme for 2017/18 and approach to future business.** Confirmation of our work programme, including areas for collaboration, and agreement that for future meetings the SSG will focus on how we are working together and strategic issues affecting Scotland with implications for scrutiny. (Appendix 3).
3. This report summarises the main issues covered under these three agenda items.

Review of the Shared Risk Assessment process

4. The SSG considered a paper providing details of an initial exercise carried out amongst those involved in the SRA as to how well it is meeting overall objectives, what is working well and where improvements can be made. This exercise identified that improvements can be made in co-ordination and planning of scrutiny, in how LANs operate and in the scope of the SRA itself.
5. In relation to a more fundamental review, the paper identifies a number of issues for the SSG, including scrutiny of health and social care integration, the implications of the SG education governance review, expectations of the Community Empowerment Act and scrutiny demands arising from new devolved powers. It proposes that rather than address these issues through wholesale changes in the SRA process, they should be considered in the broader context of the SSG’s overall aims and objectives. For

example, it noted that the SSG work programme already includes agreement to develop collaborative working in areas such as health and social care integration.

6. During discussion, the following key areas were raised:
 - Agreement that the review must contribute to improved scrutiny, with a focus on emerging risks, better collection of data and sharing of intelligence.
 - Some issues raised in the paper have been considered by the SSG previously. The SSG needs to understand what impact changes to the public sector landscape have in relation to the scrutiny response. In recognising the changing landscape, it may make sense to retrofit the SRA, but there may be other alternatives which are more pragmatic.
 - The SRA must recognise and reflect the complexity of a council's role and be sensitive to local government's focus on outcomes. The SSG recognised the complexity in improving the SRA given the public sector context, but are ambitious in their aims for the SRA.
7. At its 7 August meeting, the SSG endorsed the approach set out in the report, that improvements should be made to the SRA process. The group also agreed that the opportunity be taken to adjust the SRA to contribute more to addressing the changing landscape for local service delivery and that there was scope to make improvements to sharing information and intelligence. The SSG will receive an update report at their November meeting.

Collaborative scrutiny response to the Community Empowerment (Scotland) Act

8. The SSG considered a paper which set out initial thinking in relation to developing a collaborative scrutiny response to the Community Empowerment Act, which Audit Scotland will lead. The paper set out the key areas covered by the legislation, indicates how scrutiny might support implementation of the policy, set out other work taking place on these issues and proposed a number of actions.
9. During discussion the SSG noted the following key issues:
 - The SSG expressed enthusiasm for the work and see real opportunity for scrutiny bodies to work together on this issue. The SSG also recognised that the Local Outcome Improvement Plans, which will be published by 1 October 2017, will be key source of evidence.
 - There are some elements of current scrutiny activity which are relevant to a consideration of community empowerment, but generally there is more to do to develop a shared understanding of what good community empowerment looks like and the SSG welcomed the approach set out in the paper.
 - The group discussed opportunities that the Community Empowerment (Scotland) Act brings, recognising that this was about real culture change and links to community planning. But there are also a number of risks, including clarity around ownership and legal issues relating to the transfer of community assets. The importance of accountability needs to be fundamental in considering these issues, but scrutiny also needs to be sensitive to the challenges in trying out new things and the relationship between innovation and risk.
10. At its 7 August meeting, the SSG endorsed the approach set out in the report, that Audit Scotland should establish an Advisory Group of partner organisations to support the approach and that the initial focus of the work should be in establishing a better

collective understanding of what good looks like. Regular updates will be provided to the SSG.

Work programme for 2017/18 and approach to future business

11. The SSG agreed a short presentation setting out the collaborative work programme for 2017/18, which includes a broad range of work where more than one scrutiny body will be involved. This includes some areas which are relevant to all scrutiny bodies, such as children's services or community empowerment, and other more specialised areas. For example, Audit Scotland will contribute to Education Scotland's new model of inspection which will assess local authorities' progress in raising attainment and closing the attainment gap.
12. The group also agreed how future meetings will be conducted, agreeing that the focus will alternate between discussions about major strategic issues affecting Scotland with implications for all our work, to regular updates on how we are working better together as scrutiny bodies.

Conclusion

13. The Commission is invited to:
 - note this report
 - consider any input it wishes to provide to the Acting Chair and Acting Deputy Chair in their membership of the SSG
 - note that further updates on progress with these SSG developments will be brought to future Accounts Commission meetings.

Fraser McKinlay
Director of Performance Audit and Best Value
29 September 2017

Report on a Review of the Shared Risk Assessment, considered by the Strategic Scrutiny Group on 7 August 2017

Purpose

14. The purpose of this report is to:

- provide an initial assessment of the key issues that arise in considering the future of the Shared Risk Assessment (SRA) process
- propose arrangements for this year's process that will address some of the issues currently identified
- provide an opportunity for the SSG to have further discussion on the terms of a more fundamental review.

Background

15. In finalising the National Scrutiny Plan at its meeting on 26th May 2017, the SSG agreed to review the SRA process in light of changes that have taken place to the scrutiny and public sector delivery landscape since the SRA was established in 2009. It also noted there was potential for some improvements to how the SRA process is currently implemented. Areas identified for improvement include: timetabling and communication of national scrutiny programmes; and integration of the SRA with routine business and resource planning processes and timetables.

16. The SSG noted that the SRA still appears to be fulfilling its core scrutiny co-ordination function. Indeed, the group has stressed that any review work needs to reflect the obligation on the Accounts Commission to continue to co-ordinate local government scrutiny activity. SOLACE has indicated no evidence of major problems with the SRA process, although it says councils report issues of inconsistency in approach across LANs.

17. It was agreed that a phased process would be most suitable for any review as it would not be possible to address all issues and implement all potential developments or improvements in time for the start of the SRA cycle later this year. It was agreed that a paper be brought to the August meeting of the group covering options and timescales.

Current Implementation of the SRA process

18. To assist preparations for this paper and scoping of review work, some thought has been given to how the SRA process is currently operating. To inform this, all LAN leads for the 32 councils, appointed auditors (where this individual does not act as LAN lead) and the senior managers in Audit Scotland's Performance Audit and Best Value group who support the process, were asked to comment on the SRA. In particular they were asked for views on how well it meets its overall objectives, and to identify what works well and what doesn't.

19. The opportunity was also taken, during routine external engagements in recent weeks, to informally check in with a couple of council CEOs and colleagues from other scrutiny bodies most associated with the process. This exercise was not intended to replace formal consultation or review work, but to assist in advising SSG in relation to the scale and significance of the various issues identified.

20. Overall, there is consensus that the SRA is a good thing. Colleagues however, say that some aspects of the process are particularly useful and effective, some are not achieving their intended purpose, and some practical procedures demonstrate scope for improvement and greater consistency. They also recognise the need for clarity on how to include services that have been subject to integration and increased partnership approaches.
21. The detail of the feedback received will be valuable in informing more specific discussions in the future, but it can be summarised as follows:
- Scrutiny bodies coming together to discuss and share information and intelligence about a council is highly valued and can develop broader relationships. However, the amount of added value or collaborative advantage this results in can vary, and some have the view that there needs to be a shift from annual event to more regular and ongoing relations.
 - The process does not determine, coordinate or inform all scrutiny *across* the local government system. While risk based annual audit planning (including Best Value) takes place locally, much of the scrutiny that takes place in local government is nationally directed, thematic, and involves limited discussion between scrutiny bodies. Moreover, planning of this scrutiny work is not aligned to the SRA process or directly informed by it. This means that local scrutiny plans (the main output of the SRA process) do not include all of the scrutiny likely to take place in a council during a year, or are altered very late in the process. This causes considerable frustration at a local level, runs contrary to the expectations of councils and risks the credibility of the whole process.
 - There is potential for the assessment of risk itself to mature, in particular the joint approach to this. (The SSG has already identified a need to discuss how individual scrutiny bodies consider risk) There are opportunities for simple sharing of information to mature into building intelligence; for describing what happens in a council, to mature into more qualitative judgements about effectiveness, impact and outcomes.
 - The relative value of the main SRA outputs varies. The evidence template shared across the LAN (but not published) is a valuable tool that has the potential to make further impact, such as in exploring priority risks or new areas for assessment. (Recent risk areas included are equalities, pace of improvement, community empowerment). As indicated above, the local scrutiny plans (LSPs) cause frustration (with some proposing we cease to issue these) and are not always fully understood by people in councils, especially elected members (e.g. the distinction between a risk assessment result and an audit/inspection judgement/conclusion).
 - Some colleagues feel that councils being the subject of the SRA is not consistent with the way integration of local services is going, suggesting the need for health scrutiny input to be included in LANs, and/or a shift to CPPs becoming the subject of the SRA. Others feel this may be the case in specific service areas, but there is still a need for co-ordination of scrutiny across all services at council entity level.
 - There is a range of issues identified by colleagues that relate to how they experience their involvement in the SRA process. This largely reflects variations in ways of working in individual LANs. Some work well, but others could do better. Issues commonly relate to: communications; clarity on roles and responsibilities; inconsistent commitment/attendance by individual members or scrutiny bodies; frustration caused by reluctance to share sensitive materials amongst professional colleagues.

This varied experience resonates with comments made by Solace about councils' views. While they generally like the SRA and the improvement it has made, there are different experiences amongst individual councils. Some of this may relate to a simple correlation

between critical results and negative experience, but there will also be impact from other factors such as incomplete LSPs and varied standards of engagement.

22. As stated earlier, this initial trawl of views was not intended to uncover the whole story or be a formal consultation exercise, but it does provide some colour and flavour to support the SSG's thinking. In acknowledging that a lot of hard work and commitment is put into the SRA by many of our colleagues, the opportunity should be taken to address some of these issues where possible during preparations for this year's SRA process.

Potential for improvements to the SRA this year

23. While we are considering the SRA in the longer term, it would be helpful to address some of the above issues, as follows:
- Improvements in the coordination and planning of scrutiny: scrutiny bodies are committed to a collaborative approach, and can contribute to improving the SRA through:
 - maximising the alignment of plans for the scrutiny that will take place in 2018/19 (including nationally directed and themed activity) with the key dates for the SRA process, especially the timing of LAN engagement with councils to discuss draft LSPs.
 - where it is not possible for exact details of which individual council areas are to be subject to scrutiny, or when this will take place, stating a clear date in each LSP for when this information will be provided.
 - providing information to LANs on the reasons why a council area has been selected for scrutiny and what risks have influenced the selection or focus of the scrutiny work.
 - Contributing to early meetings of the SSG Operational / Planners and Schedulers group to support these developments.
 - Improvements in how LANs operate:
 - Scrutiny body leaders could underline to staff involved in SRA, the importance of engaging effectively in the process (including engagement where required with council staff) and sharing information and intelligence in a professional manner.
 - LAN leads, in preparing for this year's SRA, should discuss how to ensure a more consistent approach to the way LANs operate and are managed, informed by previously issued guidance and the views expressed in the informal feedback outlined above.
 - Improvements in the scope of the SRA:
 - The opportunity to improve the links between the SRA and current key issues relating to local services should be taken. For example, the addition of new risk based prompt questions in the SRA template covering priority issues such as partnership working, integration authorities' services and community engagement and empowerment.
 - The Operational / Planners and schedulers group could meet on a regular basis to share their organisation's ongoing and developing thinking about scrutiny risks and how this influences programmes. This has the potential to improve common understanding, stimulate collaborative advantage and improve co-ordination in the longer term.
 - The potential for a health scrutiny input for each LAN could be explored. In recent years, appointed auditors for health boards and CI link inspectors have contributed to LANs in the context of the establishment of IJBs. There is potential

for HIS to share appropriate intelligence and contribute to relevant discussions as H&SC integration develops.

Issues for more fundamental review

24. The SSG has recognised there have been significant changes in the public sector, and amongst scrutiny bodies, since the inception of the SRA, but also recognises the Accounts Commission's continuing obligation to Scottish Government to perform a "gatekeeper" role. The Commission also has a clear statutory role in holding local government to account, and the SRA is an important element in its arrangements for that.
25. The developing landscape for local service delivery is complex and the overall environment remains uncertain. Key issues identified that impact on scrutiny include:
 - health and social care integration,
 - implications of the SG education governance review,
 - the expectations arising from the Community Empowerment Act,
 - scrutiny demands arising from new devolved financial powers.
26. While it may seem tempting to make wholesale changes to the SRA specifically to address such issues, it is unlikely that a single process can accommodate all of the objectives the SSG may want to pursue, especially given its wider membership in recent times. There is a risk that the more valuable elements of the SRA are lost in such an exercise. A more measured approach might be to:
 - make improvements to the current implementation of the SRA to drive more value from the process,
 - explore how the main constituent parts of the SRA can be adjusted to better address the changing landscape, e.g. sharing information and intelligence on an ongoing basis, the potential for a shared risks framework and shared judgements.
 - review the broader issues in the context of all the SSG's aims and objectives, seeking the best way of addressing each, rather than assume they can all be resolved by changes to the SRA.
27. The review exercise could involve a series of work streams involving small teams drawn from across SSG organisations. There will need to be more discussion on what these work streams should be, but probably the most pressing issue is how we might co-ordinate and develop scrutiny for the integration authorities and integrated health and social care services.
28. As local government bodies, the IJBs are subject to annual audit by Accounts Commission appointed auditors. These are currently small audits with very limited resources. However, within Audit Scotland, discussions are underway to apply an integrated approach using the range of audit tools at our disposal, (including performance audits and LG/ NHS overview reporting), and how the "wider scope" of audit introduced in 2016 alongside the new approach to auditing Best Value, can best be deployed. The SRA process has already been utilised through last year's template with the local government Annual Audit Reports contributing to overall assurance reporting on IJBs to the Commission. The CI/HIS joint inspections will also provide a valuable source of evidence.
29. Similar discussions will have been taking place in other scrutiny bodies, and we should explore the potential for collaborative advantage at an early date. There is already commitment from Audit Scotland, CI and HIS to collaborate on H&SCI. It may be that

adjustments or developments for the SRA process can contribute, but other options may be more suitable and/or effective.

Recommendations

30. The SSG is invited to consider this report and:

- a) note the summary of feedback points from some of those involved in the SRA process;
- b) agree the improvement actions proposed for this year's SRA;
- c) agree to the approach proposed in paragraph 13;
- d) identify any additional issues to be addressed or potential work streams;
- e) request a further report on these matters at its next meeting.

Report on *Community Empowerment (Scotland) Act 2014, Implications for Scrutiny*, considered by the Strategic Scrutiny Group on 7 August 2017

Purpose

1. Audit Scotland has been asked to lead development of a collaborative audit and scrutiny response to the Community Empowerment Act. This report:
 - summarises key areas of the legislation
 - indicates how scrutiny may support the implementation of policy
 - recommends actions for consideration by the Strategic Scrutiny Group

Background

2. The Community Empowerment (Scotland) Act received Royal Assent on 24 July 2015 (link [here](#)). The Act is based on the principles of subsidiarity (social and political decisions are taken at as local a level as possible), community empowerment and improving outcomes. Underpinning all these provisions is the intent to focus attention on reducing disadvantage and inequality. The aims of the legislation are to:
 - empower community bodies through ownership of land and buildings and through strengthening their voices in the decisions that matter to them
 - to support an increase in the pace and scale of public sector reform by cementing the focus on achieving outcomes and improving the process of community planning.¹
3. Three major elements of the Act have implications for audit and scrutiny:
 - the strengthening of community planning to give communities more of a say in how public services are to be planned and provided
 - new rights enabling communities to identify needs and issues and request action to be taken on these
 - the extension of the community right to buy or otherwise have greater control over assets.
4. It is clear from a range of sources that the experience of community empowerment across the country has been mixed. This has been highlighted in Audit Scotland reports on community planning partnerships and through the Local Government and Regeneration Committee's delivery of regeneration in Scotland inquiry which was published 24 February 2014. Another feature to date has been different public sector organisations having different levels of involvement or commitment. A key driver of the Community Empowerment Act is to address this inconsistency and promote good practice throughout Scotland. Community Planning should be seen as shared enterprise and there is an expectation that all partners will be equally committed to and engaged in empowering communities.
5. The Act makes clear that participation and consultation is no longer enough and communities must be actively engaged with public bodies in a way that enables greater influence over how land and buildings are used and services are delivered. Communities must be supported to help them engage. Many communities will be able to engage and are already to varying degrees, but some will need targeted support, such as additional information and other resources. It is important to note that having systems and

¹ **Community Empowerment (Scotland) Act 2015, Explanatory Notes, TSO**

processes for engagement will not be sufficient. In implementing the Act, organisations will need to do more than apply established approaches to consultation and participation, to ensure that those most excluded are included.

Implications for scrutiny

6. It is not often that new legislation causes us to fundamentally think about the scope and approach to scrutiny. However, the Community Empowerment Act could be pivotal in changing the way people interact with public bodies and in the way in which public services are delivered.
7. The scrutiny bodies represented at the Strategic Scrutiny Group each have an interest in the performance of public bodies. As such, we have an interest in the extent to which public bodies deliver the duties the Act places on them. There are a number of contextual issues for us to consider in developing an appropriate scrutiny response to the Community Empowerment Act:
 - We need to recognise that the degree to which aspects of the Act are implemented across the country will vary, as public bodies and communities develop a better understanding of how the Act applies and they gain confidence in working together.
 - Statutory guidance to support the Act is still under development and CPPs are at an early stage of planning how they will apply it.
 - The pace of change varies across the country and there are very good examples of where councils and other bodies have significantly changed the way they work with communities and that this is now underpinning how they carry out their functions. This change in culture is particularly evident in some council areas.
8. The Account Commission, Auditor General, Audit Scotland and our scrutiny partners have a shared interest in how effectively Community Planning Partnerships and public bodies are meeting their legislative duties and delivering improvement in their communities. Through recent discussion with the Scottish Housing Regulator, Her Majesty's Inspector of Constabulary in Scotland, The Care Inspectorate, Her Majesty's Fire Service Inspectorate and Education Scotland, it is clear that there a range of ways the Act could impact on our work.
9. There is a general view from the scrutiny bodies that there is more we could be doing both individually and collectively. All partners have indicated a willingness to work together to develop an appropriate collaborative approach. There are also a number of implications for us to consider about the timing and focus of our work:
 - We need to carefully consider the timing and focus of our work so that we understand and take account of the implications of the Act, help to share and promote good examples of community engagement, and hold bodies to account where they are falling short in meeting their duties.
 - While the Act is a fundamentally important piece of legislation, it may be more appropriate for our initial scrutiny focus to be on supporting on-going improvement rather than only considering compliance.
10. Given the implications of the Act across a range of policy areas and because of the changes envisaged by the Act, a joined up scrutiny response is needed. Initially we are doing this through the SRA process for 2017/18, and LANs have been asked to collect information and intelligence about progress. There are also links to community empowerment as part of the new approach to best value. We are considering the approaches taken by scrutiny bodies to assess community empowerment and it is clear from discussions to date that there is more to do to develop thinking in this area. We will continue to focus on this issue through regular meetings with our scrutiny partners. This is important, given the shared enterprise nature of this Act. It is not and should not just be for councils to implement.

11. There are a number of specific areas where a collaborative approach across all scrutiny bodies would be useful to help assess and understand the following areas:

- impact and outcomes of better community engagement/ empowerment
- effort made by public bodies to engage with those who traditionally do not engage
- effort to increase capacity and move resources to enable transformational change
- commitment to cultural and behavioural change
- costs and benefit of an asset transfer in terms of community outcomes
- measurement of the impact of the Act.

12. While it's clear that this is a complex arena and will require new ways of thinking about what constitutes good community empowerment and engagement, there are several areas under development that can support this process. Some of these include –

- The Scottish Government is currently working with partners to develop an *Evaluability Assessment* of the Community Empowerment Act. The aim is to develop an approach to evaluating how the asset transfer and participation request elements of the Act are operating to support participation.
- The Outcomes, Evidence and Performance Board (OEPB) is developing a *Theory of Change* that helps to illustrate the impact the Community Empowerment Act is designed to secure.
- The Scottish Centre for Community Development (SCDC) is leading several work streams to support an evidence base for change – some of these include activity to *monitor participation requests* and their impact and a research project designed to *measure humanity*.
- The Scottish Government has contracted Participatory Budgeting (PB) Partners to further support development of *participatory budgeting/community budgeting* across Scotland. As part of that work, PB Partners will be working with Audit Scotland to develop ways of *measuring implementation and outcomes*.
- The [Health and Social Care Academy](#) aims to provide a cross-sectoral platform for transformational change in health and social care in Scotland through the lens of lived experience. It has published [a paper on the concept of participatory budgeting](#), and its potential impact on how spending decisions are made about health and social care in Scotland.
- Glasgow's Participatory Budgeting Evaluation Toolkit was produced by practitioners in Glasgow's Participatory Budgeting Evaluation Group, working with What Works Scotland in a collaborative action research process, to assess the impact of participatory budgeting activities and develop an improvement plan.
- Audit Scotland is committed to an audit on *Community assets*. This will focus on how well public bodies are working together to transform local public services delivery through improved use of assets – both physical and human. The audit will consider how well public partners are using public assets (including the skills and the capacity of local communities and individuals) to improve local outcomes. This will be an opportunity to assess the early impact of the community asset transfer and locality elements of the Community Empowerment Act.

Recommendations

The Strategic Scrutiny Group is asked to endorse the following actions-

1. Audit Scotland to create and facilitate an advisory group of partner organisations to support development of the approach.
2. For the initial focus of the work to be on getting a better collective understanding of what good looks like in term of community empowerment.
3. The Strategic Scrutiny Group to continue to receive routine updates on work in this area, including work by other groups such as the OEP Board.

Collaborative work programme and plans for future meetings considered by the Strategic Scrutiny Group on 7 August 2017

Collaborative work programme

Year	Topic	Potential collaborators
2017/18	Health and social care integration	Audit Scotland, Care Inspectorate and Healthcare Improvement Scotland
	Fire reform	Audit Scotland, Her Majesty's Fire Service Inspectorate in Scotland
	Educational attainment (Round Table strategic stakeholder event)	Audit Scotland, Education Scotland
2018/19	Mental health: prisoner healthcare	Audit Scotland, Her Majesty's Inspectorate of Prisons for Scotland, Healthcare Improvement Scotland, and HMI Prosecutions
	Housing	Audit Scotland, Scottish Housing Regulator
	Community assets (inc community empowerment)	All scrutiny partners (Audit Scotland lead)
	Best Value audit and inspection work (from 2018/19 onwards)	SRA. Potential collaborative activity with all scrutiny partners, depending on locally identified scrutiny risks.
2019/20	Educational attainment audit	Audit Scotland, Education Scotland
2020/21	Housing	Audit Scotland, Scottish Housing Regulator
	Community Empowerment	Potential collaborative activity with all scrutiny partners.
Ongoing programmes	Children's services	Education Scotland, the Care Inspectorate, Healthcare Improvement Scotland, and SOLACE
	Adult health and social care	Audit Scotland, Care Inspectorate and Healthcare Improvement Scotland

Plan for future meetings

Meeting	Focus	Agenda
November 2017	Strategic business	<ul style="list-style-type: none"> Update from Outcomes, Evidence and Performance Board Presentation from Scottish Public Services Ombudsman Update from Laura Turney new Head of the Scottish Government's Public Service Reform team
February 2018	Working better together	<ul style="list-style-type: none"> Update on collaboration and developments and opportunities
May 2018	Strategic business	Speakers and discussion on the following areas of shared interest: <ul style="list-style-type: none"> Increased devolution and Brexit Poverty and inequality
August 2018	Working better together	<ul style="list-style-type: none"> Update on collaboration and developments and opportunities

MEETING: 12 OCTOBER 2017

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT OF BEST VALUE: EAST RENFREWSHIRE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's report on the Best Value Assurance Report for East Renfrewshire Council.

Background

2. This is the third report presented to the Commission under the new approach for auditing Best Value. A key objective of the new approach is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties.
3. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report on each council at least once during the five-year audit appointment and by Best Value being a feature of annual audit reports.

The Controller of Audit report

4. The attached Best Value Assurance Report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.
7. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - direct the Controller of Audit to carry out further investigations

- hold a hearing
 - state its findings.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
 10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence presented in the report. This is done in the public meeting of the Commission.
 11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

10. The Commission is invited to:
 - a) consider the Controller of Audit's Best Value Assurance Report on East Renfrewshire Council; and
 - b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
3 October 2017

Best Value Assurance Report

East Renfrewshire Council



Prepared for the Accounts Commission by the Controller of Audit
October 2017

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local authorities.

The Commission expects councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

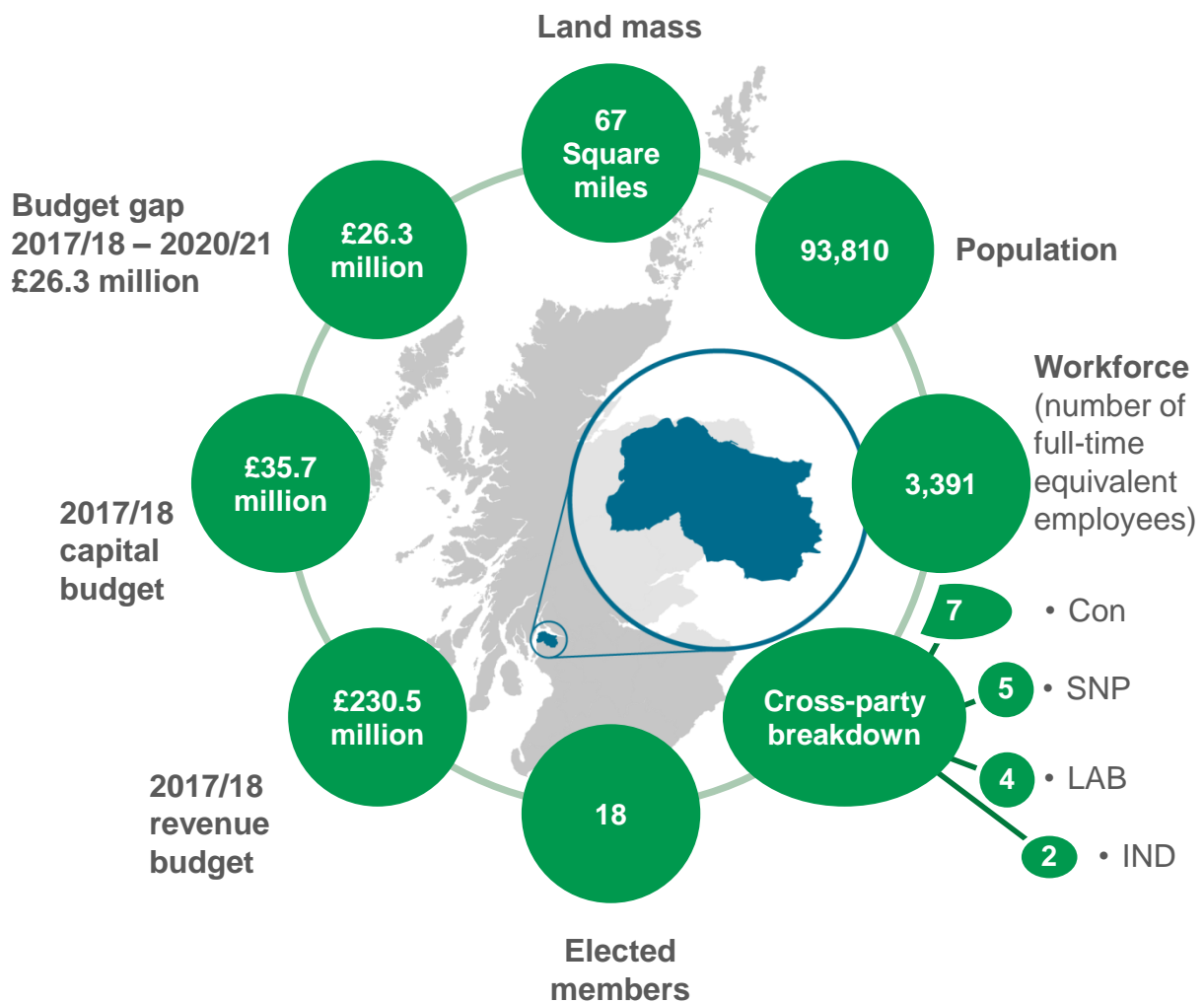
You can find out more about the work of the Accounts Commission on our website:
www.audit-scotland.gov.uk/about-us/accounts-commission

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Key facts



Note: Following the local government elections in May 2017, the council is run by a coalition administration comprising the SNP, Labour, and one Independent member.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Audit conclusions are reported each year through the Annual Audit Report, addressed to the Controller of Audit and the councillors. In addition, the Controller of Audit will present a Best Value Assurance Report (BVAR) to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first BVAR on East Renfrewshire Council, under the revised arrangements.

2. This report seeks to provide the Accounts Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities covering:

- the clarity of council priorities and the quality of long-term planning to achieve these
- how effectively councils evaluate and implement options for significant changes in delivering services
- how effectively councils ensure that councillors and officers have the right knowledge, skills and time to lead and manage delivery of council priorities
- how effectively councils involve citizens in decisions about services
- the quality of councils' public performance reporting (PPR) to help citizens gauge improvement.

3. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver on their priorities. The pace, depth and continuity of improvement are key to how well councils meet their priorities in future. In this report, we show how we assessed East Renfrewshire Council's improvement over time and our conclusions are reflected in the [Key Messages on page 7](#).

4. Our audit approach is proportionate and risk-based: it reflects the context, risks and performance of an individual council. It also draws on information from audit and scrutiny work conducted in previous years. In keeping with this approach, we did initial work to define the audit's scope. Most of the evidence gathering occurred between January 2017 and the local government elections in May 2017, although we have included some more recent developments.

5. [Exhibit 1 \(page 6\)](#) shows the key areas we focused on for this council. We:

- interviewed councillors, senior officers and partner organisations
- observed a range of Council, Cabinet, committee and board meetings
- reviewed documents and performance data
- conducted focus groups with councillors and officers.

Exhibit 1

Key areas of focus for our audit

The audit covered a wide range of areas.



Vision and target outcomes – what the council is trying to achieve.



Performance – how well the council is progressing towards its vision and outcomes.



Planning of resources: finances, workforce and assets – to support its performance.



Community engagement – so residents are heard in service design and delivery.



Arm's length external organisations' governance arrangements – so organisations are clear about their role and expectations of their performance.



Shared services – how the council works with other bodies to deliver services.



Self-evaluation – how the council assesses itself and plans for the future.



Plans for transformation – such as ways to provide services more effectively.

Source: Audit Scotland

6. This report reflects the work done on the key areas noted above. It covers a number of Best Value characteristics included in the statutory guidance, but does not cover them all. As part of the annual audit, future work will include follow-up on the findings from this report and more detailed audit work on other Best Value areas, as appropriate.

7. We gratefully acknowledge the cooperation and assistance provided to the audit team by all councillors, officers and the council's partners during the audit.

Key messages

- 1** The council's clear vision and strategic direction reflect its knowledge and understanding of the area. The vision is well supported by councillors, officers and the council's partners.
- 2** Councillors should have a more transparent and active role in scrutiny and challenge of decisions. They should have greater oversight of the transformation of the council. The Corporate Management Team (CMT) provides clear direction and leadership to the council, and there are good working relationships between councillors and the CMT.
- 3** Under the Council's Public Services Excellence programme during 2009-2015, there was a steady pace of change. Since 2015, the council has developed a more ambitious programme of business transformation, and the scale and rate of change have increased significantly. This presents risks to the capacity of the workforce and continuing service provision. Increasing demand from growing numbers of children and older people is already placing pressure on council services.
- 4** The council continues to perform well. Children's services and education continue to improve from an already high level. Other council services' performance is more varied, partly reflecting the council's range of policy priorities. Results from the Citizens' Panel indicate that most residents are satisfied with services.
- 5** The council has a well-established approach to partnership working. There are good working relationships with the Culture and Leisure Trust; well-established arrangements for integrated health and social care services; and promising examples of joint working with other public bodies.
- 6** The council is in a strong financial position, with high levels of reserves and low levels of borrowing. However, it consistently underspends its revenue budget, generating high levels of unplanned year-end balances. It forecasts it will need to save over £26 million from its budget by 2020/21. Options for achieving these savings have been developed by officers. Consultation with councillors, staff and the public begins in October 2017.
- 7** The council faces a period of accelerated change against a backdrop of demanding budget reductions and ambitious organisational development. A better view of council-wide progress in delivering its change programme is required, together with a fully integrated approach to financial and service planning. The council needs to consider different models of service delivery as part of its business transformation programme, to secure Best Value.

Part 1

Does the council have a clear strategic direction?



The council has a clear vision and strategic direction for serving East Renfrewshire

East Renfrewshire is a diverse area facing a range of challenges, including demographic change.

The council's clear vision and strategic direction reflect its good knowledge and understanding of the area, and are supported by councillors and officers.

The council uses a cabinet system of administration, with good relations between councillors and officers. Councillors should take a more transparent and active role in scrutiny of decisions and overall progress. A large proportion of scrutiny occurs informally outside established committee structures.

The Corporate Management Team provides clear direction and leadership to the council, with effective working relationships amongst its members.

East Renfrewshire is a diverse area facing a range of challenges

8. East Renfrewshire is located to the south of Glasgow and has a population of around 94,000. With five electoral wards, it is one of the smaller Scottish councils in population terms (23rd out of 32) and area (28th) but has one of the higher population densities among councils (9th) and an ethnically diverse population.¹ Most of East Renfrewshire is rural land and the remaining area comprises mainly residential suburbs.

9. Although East Renfrewshire is a relatively prosperous area, it does have pockets of deprivation. Eight of the 122 data zones (population units) across East Renfrewshire are among the 20 per cent most deprived datazones in Scotland.² The council continues to address deprivation-related issues, for example through focused activity by the education service and engagement with community bodies.

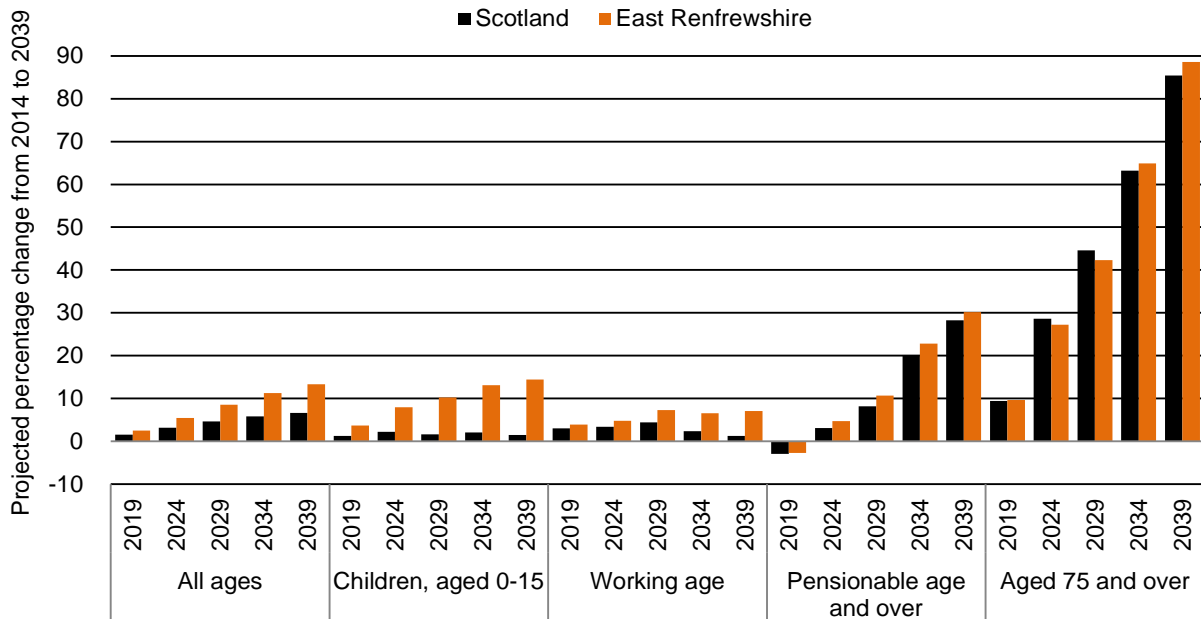
10. Demographic changes will boost demand for many of the council's services. The council's overall population is forecast to rise by 13.3 per cent from 2014-2039, around twice the Scotland average rate of 6.6 per cent ([Exhibit 2, page 9](#)). This has implications for a raft of services that cater for a broad section of the public, including waste management and roads maintenance. Over the same period:

- The number of children is forecast to rise by 14.4 per cent compared to 1.4 per cent for Scotland – affecting services such as school education.
- The number of people aged 75 or over is forecast to rise by 88.6 per cent compared to 85.4 per cent for Scotland – affecting health and social care services for older people.
- The number of people of working age is forecast to rise by 7.1 per cent compared to 1.2 per cent for Scotland – affecting numerous local issues including demand for housing and transport.

Exhibit 2

Projected population changes in East Renfrewshire by age group until 2039

The numbers of children and older people are expected to increase significantly.



Source: National Records of Scotland

The council's clear vision and strategic direction are widely supported

11. All councils operate in an increasingly demanding environment. Difficulties include a long-term decline in their revenue funding; an ageing population; and the escalating scale of these and other challenges. Policy and legislative changes also place demands on councils and change how they work. It is more important than ever that a council sets a clear, affordable strategy and targets effort on priorities, reviewing all options for doing things differently in the future.

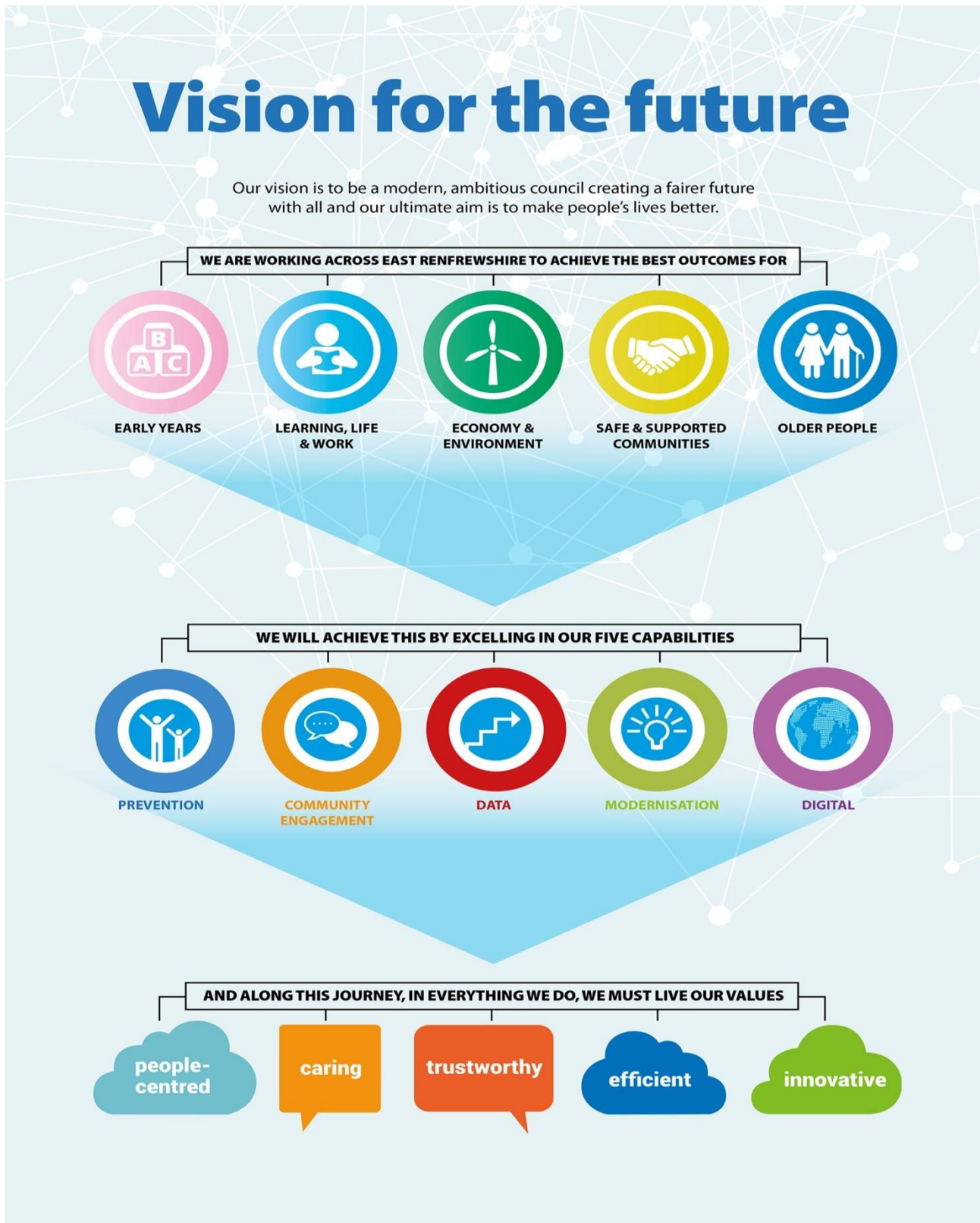
12. East Renfrewshire Council's corporate vision is to be '*A modern, ambitious Council, creating a fairer future with all*'. This aspiration is supported by a coherent framework of five strategic outcomes, five capabilities and five values – all of which have been informed by a thorough understanding of the area's diverse communities ([Exhibit 3, page 10](#)). The vision is widely supported within the council. It has cross-party support from councillors plus support from staff and trade unions. The council's community planning partners – such, as the Police, NHS and Fire and Rescue services, share the council's vision and priorities and have a common understanding of its ambitions, activity and how services will be delivered.

13. The council has effective systems and structures that help it deliver its vision. It is embedded in the council's ethos, management and plans, including its application within departments and services; the individual performance review and development (PRD) and assessment of officers; and arrangements for reporting corporate performance. The council's Outcome Delivery Plan (ODP) for 2017-2020 systematically maps each 'strategic outcome' to a set of '*intermediate outcomes*', '*critical indicators*' and '*targets*'.³

Exhibit 3

Vision for the future

The council aims to achieve outcomes across five areas, through five capabilities and five values.



14. There is a high level of staff buy-in for the corporate vision. In the latest council-wide staff survey, 91 per cent of respondents were *'clear what is expected of me at work'* and 76 per cent of them agreed with *'I believe my manager supports me well when change is happening'*. The survey response rate improved from 47 per cent of staff in 2014 to 56 per cent of staff in 2016. Practical steps have been taken by the council to engage potentially hard-to-reach groups in the vision, including employees who normally work in school dinner halls or outdoors.

There is a long-standing Cabinet system of administration

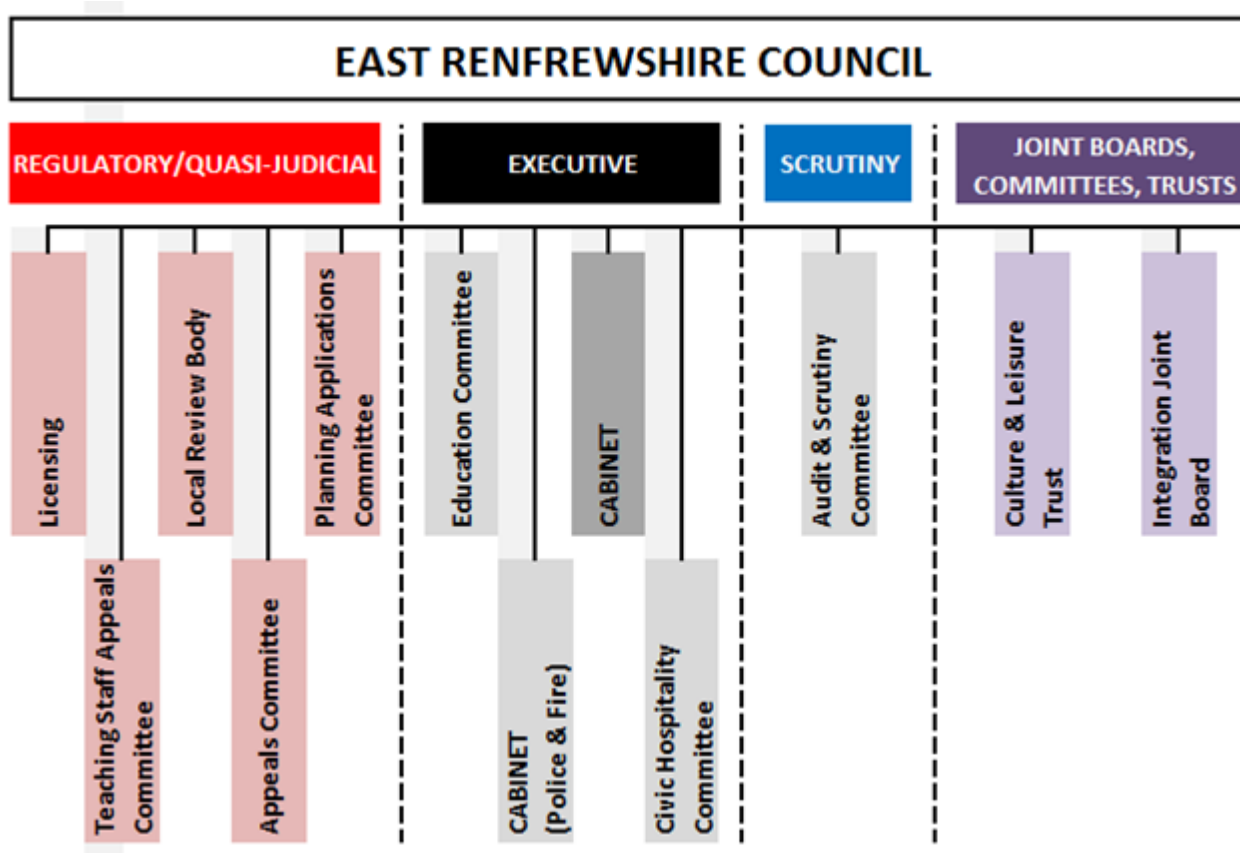
15. The council has five electoral wards. At the local government election in May 2017, the total number of councillors reduced from 20 to 18 due to ward boundary changes. Of the 18 councillors, seven had not previously been in this role. The SNP-Labour coalition administration has retained a cabinet system.

16. East Renfrewshire Council adopted a cabinet system in 1999 and revised its arrangements in 2001. In 2012, the council extended the system to provide for scrutiny of the Police and Fire & Rescue services. Two opposition councillors are in the extended Cabinet for this purpose. In a relatively small council, a cabinet can streamline business management by reducing the number of committees required. [Exhibit 4](#) illustrates the council's key decision-making structures.

Exhibit 4

Key decision-making structures

The Cabinet has an important role in the Council's executive functions.



Source: East Renfrewshire Council

17. The Leader of the Council chairs the main Cabinet (referred to simply as the 'Cabinet' from here on) and is its lead on finance. In May 2017, the number of Cabinet members reduced from eight to six due to the reduced total number of councillors. The two Cabinet roles lost were the former Corporate Services Convener, whose responsibilities now sit with the Leader, and one of the two former Environment Conveners. The Council delegates extensive powers and a substantial workload to the Cabinet, including:

- overseeing the running of the administration
- preparing major new policy options for approval by the council
- approving all other policy and strategy proposals
- reviewing reports on the council's performance.

18. We found respectful, effective working relationships between political parties in the previous Council, in the months running up to the May 2017 election. Its stable ruling coalition of Labour and SNP councillors operated throughout their five-year term of office, and there remains considerable consensus on local priorities, particularly education. We observed official business in meetings being conducted respectfully.

19. Public services are delivered through three council departments: Corporate and Community Services; Education; and Environment. In addition, the Health and Social Care Partnership (HSCP) delivers all local health and social care services – for children, families, adults and older people. The HSCP is a partnership between East Renfrewshire Council and NHS Greater Glasgow and Clyde. The HSCP's Chief Officer is also a member of the council's CMT.

Working relationships among councillors and senior officers are constructive

20. The CMT provides clear direction and leadership, with effective working relationships among its members. Councillors said they had good access to officers and respected their professionalism. Working relationships between senior officers and councillors are respectful and constructive. The small number of councillors helps to facilitate communication among councillors and officers. It is too soon to gauge the nature of working relationships among the councillors elected in May 2017. Some returned councillors now have different roles, to which they will need to acclimatise.

21. There is good support by officers for councillors. The council tailored support to councillors' individual needs and published records of their development activity online for transparency. An officers' working group made comprehensive arrangements for newly-elected councillors' induction and ongoing development.

There is scope for councillors to improve transparency of decision-making and to be more actively engaged in scrutiny

22. There is frequently limited debate by councillors at meetings of the Council and the Cabinet. Scrutiny by councillors often takes place outwith established meeting structures, through informal meetings with officers, and presentations and verbal updates to councillors. This reduces the transparency of councillors' challenge and decision-making. Councillors should provide greater challenge and scrutiny, particularly during this period of significant change in the council and the need to secure savings from either reductions in the workforce, cuts in services or the successful delivery of the business transformation programme.

23. To ensure relevant councillors are sighted on Council, Cabinet and committee meeting papers in advance, the council circulates early drafts to relevant Chairs and Conveners, and members of the opposition. Councillors can discuss the draft papers with officers before finalised papers are circulated.

24. There are no opposition councillors in the Cabinet, although they can publicly 'call in' a Cabinet decision for review by the full Council or through the Audit and Scrutiny Committee. The procedure only applies to final Cabinet decisions and is rarely used. Cabinet papers can at times be lengthy and whilst councillors said they had become accustomed to locating key information, they saw potential benefits from officers providing them with more concise, focused material. Greater scrutiny would help ensure that council business is clear and accessible to the public, and strengthen the council's democratic accountability.

More regular and focused reporting to councillors on the transformation programme would improve councillors' ownership and oversight of the council's progress

25. The CMT acts as the strategic programme board for the council's transformation and change programme (Modern Ambitious Programme, MAP). The Board delegates responsibility for delivering on service-level MAP projects to each department and each has its own vision, based on the corporate 'Vision for the Future'. Each department also has a corresponding service review programme. The number of change programmes across the council has increased significantly, with nearly all services being subject to review.

26. Formal reports on the council's business transformation programme are not regularly prepared for councillors. Such reports would inform the difficult decisions that they will need to make about how to reconcile increasing demands on services with mounting financial pressures.

Part 2

How well is the council performing?



The council continues to perform well

The council prioritises the education service, which continues to improve from an already-high level. The performance of other council services is more varied.

The last survey of the council's Citizens' Panel found that 79 per cent of residents were satisfied with council services.

Self-evaluation and performance management arrangements are well established but service plans could improve.

The council regularly monitors its performance and reports its performance to the public in a range of ways.

The council's performance is good overall

27. The council has performed at a high level for many years, particularly in education. The Accounts Commission's recent report, [Local government in Scotland: Performances and Challenges 2017](#) noted that councils' performance over the last five years has generally been maintained or improved.

28. East Renfrewshire Council matches this trend and has shown sustained or improved performance on the majority of Local Government Benchmarking Framework (LGBF) indicators over the past six years. The LGBF helps councils to assess their performance relative to other councils. [Exhibit 5 \(page 15\)](#) illustrates the council's performance on a range of indicators. Of the indicators in this exhibit, performance on education-related indicators and the level of household waste that is recycled saw the largest improvements.

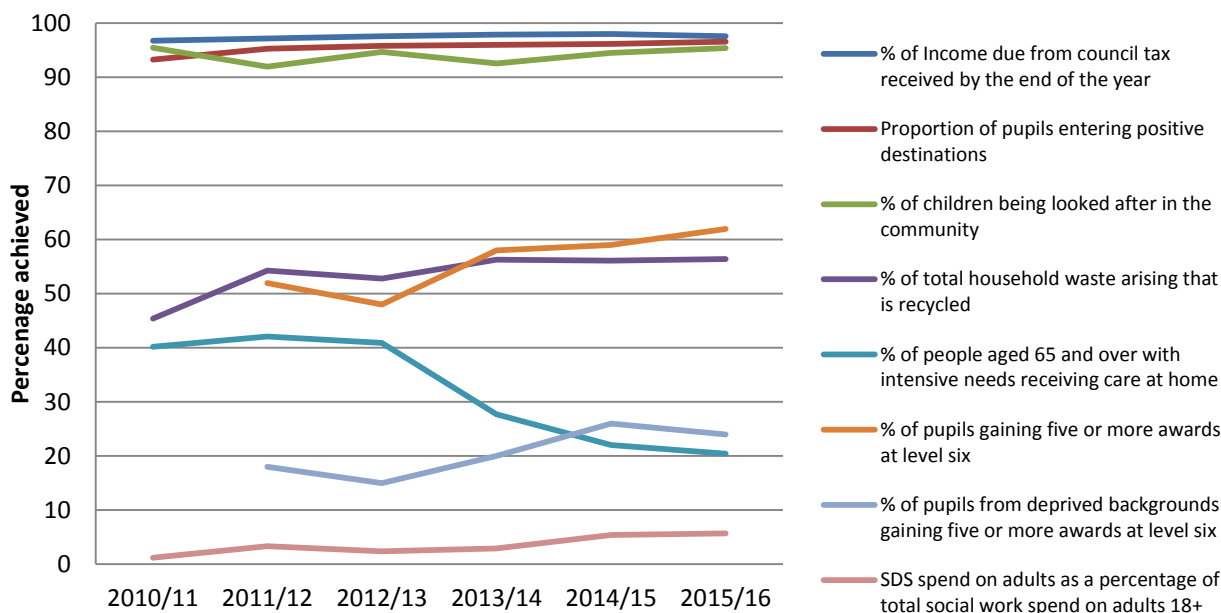
29. However, one indicator declined significantly in performance, counter to the national trend. The proportion of people aged 65+ with intensive needs who receive care at home declined significantly over the past six years. This indicator measures the extent to which the council is maintaining people with intensive needs in the community, and gives an indication of how it is progressing with the policy goal of shifting the balance of care.⁴

30. The HSCP has focussed on re-ablement and on reducing the need for ongoing dependence on services, and the rate of delayed discharges is amongst the lowest in Scotland. However, this has not yet translated into a shift in the balance of care for those who do require intensive support. The council and HSCP need to ensure that, where possible, support is provided to those who do have ongoing intensive needs to help them remain at home.

Exhibit 5

Performance on selected indicators, 2010/11 to 2015/16

The council's performance was maintained or improved on most indicators but there was a significant decrease in the proportion of people aged 65+ with intensive needs receiving care at home.



Source: Audit Scotland; and *Local Government Benchmarking Framework 2015/16*, Improvement Service

31. East Renfrewshire Council has performed at a high level for many years, across a range of indicators. The rate of improvement varied widely, with many already highly-performing indicators improving further – particularly in Children's services and Education, where East Renfrewshire remains one of the best performing councils in Scotland.

32. However, across all service areas, the number of indicators in the top two quartiles (better than half of Scottish councils) decreased slightly between 2011/12 and 2015/16. Taking all 32 councils and indicators for which comparable data were available in or across 2011/12 and 2015/16:

- The number of indicators on which the council was placed in the top two quartiles decreased from 67 per cent to 63 per cent.
- The number of indicators in the third quartile remained at 20 per cent.
- The number of indicators in the bottom quartile increased from 13 per cent to 17 per cent.

33. The LGBF can be used to assess a council within a 'family group' of comparable councils and to learn lessons that may improve its performance. Within its family groups, East Renfrewshire Council performed well above average in many areas in 2015/16 ([Exhibit 6, page 16](#)). Family groups are based on levels of deprivation for performance relating to children, social care and housing. Population density is used to group councils for comparison of their performance on environmental, culture and leisure, corporate, and economic development indicators.

Exhibit 6

Performance relative to the Scottish average and relevant family group, 2015/16

East Renfrewshire Council performed comparatively well on most indicators.

	Indicator	ERC	Scotland	Family group	Percentage point change (2010/11-2015/16)
Family group based on levels of deprivation	Percentage of Pupils Gaining 5+ Awards at Level 6 or higher*	62%	33%	28% to 62%	East Renfrewshire 10% Scotland 7% Family group 2% to 12%
	Percentage of Pupils from Deprived Areas Gaining 5+ Awards at Level 6 or higher*	24%	15%	10% to 38%	East Renfrewshire 6% Scotland 5% Family group 0% to 9%
	SDS spend on adults 18+ as a percentage of total social work spend on adults 18+	6%	7%	3% to 8%	East Renfrewshire 4% Scotland 5% Family group 1% to 8%
	Percentage of people 65+ with intensive needs receiving care at home	20%	35%	20% to 44%	East Renfrewshire -20% Scotland 2% Family group -20% to 16%
	Children being looked after in the community	95%	90%	71% to 95%	East Renfrewshire 0% Scotland -1% Family group -6% to 3%
	Pupils entering positive destinations	97%	93%	90% to 98%	East Renfrewshire 3% Scotland 4% Family group 2% to 6%
Family group based on population density	Percentage of income due from Council Tax received by the end of the year	98%	96%	94% to 98%	East Renfrewshire 1% Scotland 1% Family group 0% to 2%
	Percentage of total household waste that is recycled	56%	44%	44% to 59%	East Renfrewshire 11% Scotland 6% Family group -2% to 23%

Note 1: *2011/12 to 2015/16.

Note 2: Self-directed support (SDS) allows people to choose how their support is provided, and gives them as much control as they want of their individual budget.

Source: Audit Scotland; and Local Government Benchmarking Framework 2015/16, Improvement Service

34. The council performs well on most LGBF indicators. [Exhibit 7](#) shows the proportion of LGBF indicators in each quartile, by service area, showing all indicators with data available for 2015/16. This is a larger number of indicators than the analysis on page 15, which includes indicators with data available for both 2011/12 and 2015/16.

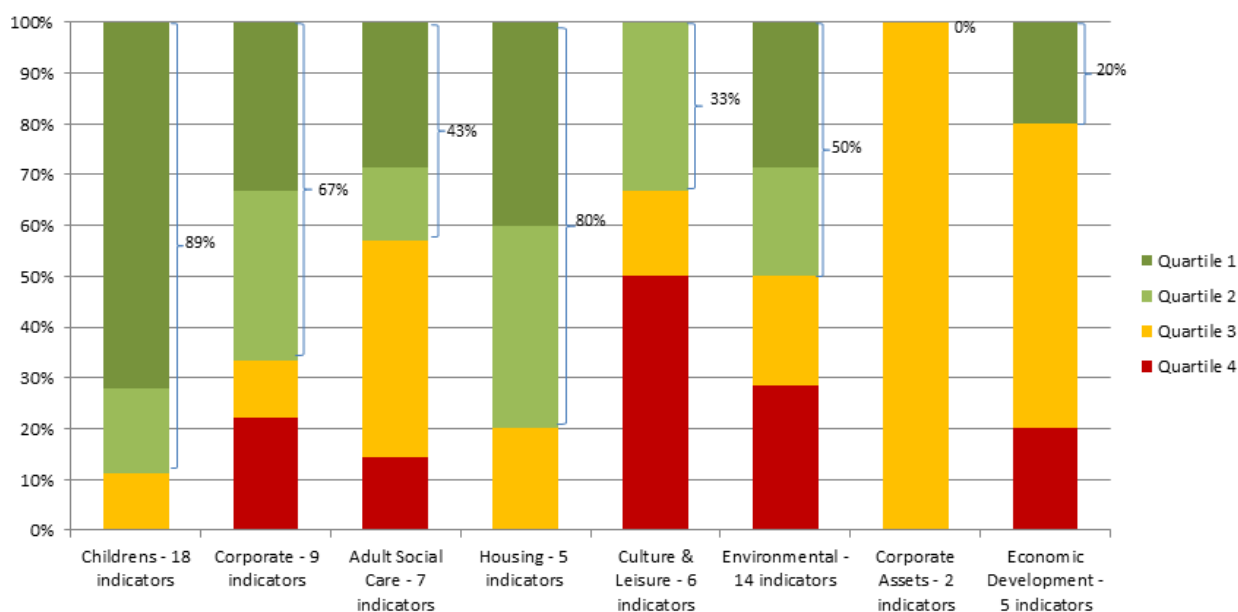
35. In 2015/16, 59 per cent of the council's indicators performed better than half of Scottish councils, with 24 per cent of indicators in the third quartile and 17 per cent in the bottom quartile. Some services performed particularly well, such as children's services (including education), corporate management and housing.

36. Some services performed less well compared to other councils, including some services within the council's strategic priorities – such as culture and leisure; adult social care and economic development. Environmental indicators were a mixed picture, with an equal number of indicators in the top two and bottom two quartiles. To some degree, performance reflects corporate spending priorities.

Exhibit 7

Performance by service area, 2015/16

The proportion of indicators in the top two quartiles varied widely among service areas.



Note: 'Corporate' includes indicators of sickness absence, council tax collection, spend on support services etc. Corporate Assets includes indicators on the suitability and condition of council buildings. The first quartile contains the best-performing councils.

Source: Audit Scotland; and *Local Government Benchmarking Framework 2015/16*, Improvement Service

Education and children's services continue to improve from an already-high level

37. There is long-standing, cross-party support for the education service, which has been allocated over half the council's revenue budget for many years, largely due to the high proportion of children in the area compared with other councils. Councillors prize education's role in providing young people with a springboard for a full and economically-active life.

38. Since August 2014, four primary schools, one secondary and one special school have been inspected by Education Scotland. All have been positive inspections with none resulting in any follow-through activity. In all schools with the exception of one primary, the evaluations have been good or better. Two schools

were evaluated as sector-leading and the majority of evaluations from all inspections were rated very good or excellent.

39. The Care Inspectorate assessed eight local authority nurseries and three partnership nurseries between 1 March 2016 and 1 March 2017. Almost all local authority establishments were evaluated as very good or excellent across the four themes of Care and Support, Environment, Staffing, and Management and Leadership. Almost all partnership providers were graded good or very good.

40. In March 2017, Education Scotland reported on the council's Educational Psychology Service (EREPS). It concluded that the director and her senior leadership team demonstrated 'very strong leadership' of EREPS, with high expectations of performance and for continuous improvement.

41. A joint inspection in 2014 of Services for Children and Young People in East Renfrewshire, led by the Care Inspectorate, found that effective parenting support available to all families was successfully targeting more vulnerable families. It found that the Integrated Children's Services Planning was highly effective and across nine quality indicators, three were found to be excellent, four were very good and two were good.

42. Closing the attainment gap between children from deprived parts of East Renfrewshire and the area as a whole is a particular priority. Since 2011/12 the attainment gap for secondary school leavers has reduced, showing the council is making good progress towards this goal. [Case study 1](#) describes the council's progress on closing the gap.

Case study 1

Educational attainment is very good and continues to improve, including in the most deprived areas

The performance of pupils gaining five or more awards in both Level 5 and 6 or above is the highest in Scotland overall and second highest for pupils in areas of deprivation. The attainment gap for pupils in deprived areas, achieving Level 5 or above, reduced by nine percentage points between 2011/12 and 2015/16. The gap remained relatively steady, although with some fluctuations, for Level 6 during the same period. At a school level, small numbers of pupils can have a disproportionate effect on performance statistics.

Over the same period, the total tariff for secondary school leavers in the most deprived areas increased by 28 per cent while the total tariff for pupils in the least deprived areas increased by four per cent – showing that the attainment gap had reduced. This can partly be attributed to the fact that the total tariff for the least deprived pupils was already the highest in Scotland, with significantly less scope for improvement.

The reducing attainment gap for S4 pupils reflects the council's clear strategy and effective planning framework for education. The Education Department's vision *Everyone Attaining, Everyone Achieving through Excellent Experiences* signals its ambition for all children, young people and adults using education services.

- A well-established annual cycle of activities involves the central education department, quality improvement officers and schools. Head teachers are empowered to drive improvements within their schools; meet regularly with their peers; and share best practice among schools.
- Additional resources have been allocated to schools to tackle the lowest performing 20 per cent of learners, staffing structures based on poverty, and pupils with Additional Support Needs.

- Well-established performance management and reporting arrangements are in place. Analysis of comprehensive performance information at council and school levels is used to set targets and improve performance by enabling schools to provide tailored support to those requiring it most.
- The council conducts baseline assessments of pupils in P1, followed by standardised testing in P3, P5, P7 and S2. Less able pupils are identified quickly so that they can be provided with tailored support.
- Secondary schools adopted a 33-period week in 2006. This has enabled them to maximise teaching time and deliver curricular benefits, such as more time for PE.

Source: *Local Government Benchmarking Framework 2015/16*, Improvement Service; East Renfrewshire Council

Performance in other services is more varied

43. East Renfrewshire Council is the social landlord for 2,973 council homes.⁵ When the Scottish Housing Regulator (SHR) assessed the performance of all social landlords, it found that East Renfrewshire Council did not always provide temporary accommodation when required. SHR will engage with the council about this during 2017/18.⁶

44. In December 2015, the SHR upheld a complaint by the East Renfrewshire Tenants and Resident Federation as a Significant Performance failure (SPF).⁷ The Federation had complained to the SHR about the council's engagement and consultation with tenants' and their representative bodies. The Cabinet approved amendments to the council's Customer Engagement and Tenant Participation Strategy in February 2016. In 2016/17 the council and tenants developed an action plan to address the issues raised by the SHR, and improvement actions were programmed for 2017-2018. SHR will monitor the council's progress, with the agreed rent-setting process underway with tenants – the first major piece of work on the agreed action plan.

45. The council has improved road maintenance in recent years, particularly in the classified network where the council is now performing at or above the Scottish average. Despite these improvements, performance is still relatively poor for unclassified roads, with 45 per cent in need of repair. [Case study 2](#) explains how the council is working to improve performance on this issue.

Case study 2

The council has budgeted an extra £1.6 million for roads maintenance in 2017/18 but most of the backlog remains

The council's road network overall was at position 25 out of 32 councils in 2016. The council has prioritised roads and footpaths in response to Audit Scotland's reports on Maintaining Scotland's Roads and feedback from the Citizen's Panel, which placed roads as among the top priorities for residents.

Over the period 2010-2016 there was a slight improvement across the four classes of roads (A, B, C and Unclassified) in East Renfrewshire, with the largest improvements in the percentage of B class roads requiring maintenance.

East Renfrewshire was ranked second best in Scotland in 2015/16 for the percentage of A class roads requiring maintenance, approximately equivalent to the Scottish average for B and C class roads and below the Scottish average for Unclassified roads. However, unclassified roads make up around 80 per cent of all roads in East Renfrewshire.

The backlog figure at the end of financial year 2016/17 was £26.3 million for roads only, excluding footpaths. The council provided an additional £1.6 million in 2017/18, covering both roads and footpaths, to focus on residential and unclassified roads. This funding will address some of the backlog but clearly a significant amount will remain. A service review is underway to investigate ways of reducing the backlog, including potential sources of funding.

Source: Audit Scotland, East Renfrewshire Council

Most residents are satisfied with council services

46. The council established a Citizens' Panel in 1998 to gauge public opinion. Its 1,200 members are a sample of local residents recruited by an independent contractor to be representative of local communities. Each year, the council surveys the panel on issues such as residents' priorities; satisfaction with services; and proposed developments. Results are used by the council to inform planning and investment decisions and published online. Panel members receive an annual newsletter on the council's response to survey findings.

47. The Citizen's Panel survey in 2016 found that 79 per cent of respondents were satisfied with the council's services – five per cent more than in the previous year's survey and the council's highest result so far. The survey results showed that most major services were rated positively, including some that 90 per cent or more of respondents described as 'good' or 'very good':

- education – nursery, primary, and secondary (91-100 per cent)
- public parks and open spaces (96 per cent)
- theatre/arts (93 per cent)
- *Customer First* – a one-stop shop for customer service (92 per cent)
- libraries, recycling (both 90 per cent).

48. Health and social care is a council priority, yet had a weaker rating, with 67 per cent of respondents describing the services as 'good' or 'very good'.

49. Panel members were asked what changes would make the biggest improvement to their quality of life. Their top three suggestions were:

- roads, transport, parking, infrastructure (68 per cent of respondents)
- quality of local environment, preserving open spaces (35 per cent)
- shops, facilities, leisure activities (34 per cent).

50. By contrast, eight per cent of respondents chose health and social care and seven per cent chose education.

51. In addition to the Citizens' Panel survey, the council obtains feedback on its performance from other sources including correspondence, complaints and suggestions; tenants' groups; and community bodies.

Self-evaluation and performance management arrangements are well established but service plans could improve

52. For all councils, it is essential that the impact of planned changes to service outcomes is fully considered and that there are clear links between a council's change programme and its strategic objectives.

53. East Renfrewshire Council adopts a risk-based approach to self-evaluation which informs annual service planning. Each service's performance, absence, staff and customer satisfaction data are used to generate a specific risk score and highlight potential areas for improvement. However, despite the council's own comprehensive guidance on service planning, the quality of its service plans needs to improve. There is no evidence of service-level workforce plans or financial plans being aligned to service improvement plans and they contain little financial data or analysis of available resources, to reflect services' strategic context.

54. The council's arrangements for measuring and reporting its performance are well established. The majority of performance information is stored in the council's performance management system, Covalent. A variety of performance reports show performance against the Single Outcome Agreement, the council's Outcome Delivery Plan (ODP), and include Citizens' Panel results and LGBF data. The reporting arrangements are:

- Every six months, each department's director and the HSCP report their department's performance to the council's Chief Executive.
- The CMT collectively reviews overall council performance and a report is prepared for the Cabinet. The Cabinet receives six-monthly reports on ODP and CPP progress.
- The council's partners review performance on CPP progress at their six-monthly Performance and Accountability Review.
- Annually, performance is reported to full Council and the CPP Board.

55. The council's style of reporting against LGBF indicators is clear. Indicators are grouped under the council's strategic outcomes and graphs showing trends against the Scottish and family group averages are included. Reports highlight what is planned to improve performance and, for each group of indicators, describe the council's strategic policy intention. For example, while the council's cost of waste collection was relatively high in 2015/16 (ranked 21st out of 32 councils), this was a function of the council's focus on improving the recycling of household waste, on which it performed well against other councils (3rd out of 32 councils).

The council provides a wide range of performance information to the public

56. The council has a well-developed approach to reporting on performance to the public. On the council's website, the performance section follows a template recommended by the Improvement Service and hosts a wide range of performance information. It includes mid- and year-end performance reports for the council as a whole, plus annual performance reports for departments, since 2013/14.

57. The council's annual performance reports are designed for the public and are based on a selection of performance indicators intended to give an overview of the council's performance. The public can also view a more comprehensive range of performance information including links to external sites such as the Improvement Service website. Additional documents and information about what specific services are working on are made available on the website; such as inspectorates' reports, the ODP and relevant updates to the Single Outcome Agreement. In addition, performance reports are submitted in public to the Cabinet and Community Planning Partnership (CPP) every six months; and annually to the Council.

58. The council continues to seek ways of improving its handling of PPR. In 2014/15 the council posted an animated video instead of a written report, to appeal to a wider audience.⁸ The 2015/16 report returned to a written format but further developed the use of infographics. This was developed taking into account feedback from an Audit Scotland PPR evaluation in 2015 and an internal PPR evaluation exercise in 2016, drawing on the Best Value toolkit on PPR.

Part 3

Is the council using its resources effectively?



The council is in a strong financial position but a more integrated approach to resource management is required

The demand for services is rising. The council faces unprecedented financial challenges and forecasts a need to save £26.3 million from its revenue budget in the next three years – 27 per cent more than the previous three years' reported achieved savings. Councillors are considering a suite of savings options.

The council's financial position is strong, with a high level of reserves and a low level of borrowing. It plans to use most of its reserves to support its strategic priorities. However, it consistently underspends its revenue budget compared to original forecasts, resulting in high levels of unplanned year-end balances.

Workforce planning arrangements have clear strategic links to the council's vision. Work is underway to develop a long-term workforce plan that more clearly links into the overall corporate transformation programme.

Weaknesses in asset management planning have prevented a fully integrated approach to strategic planning and financial management.

The council is currently in a strong financial position

59. In each of the last five years, the council has had between the fifth and seventh highest level of usable reserves to net revenue stream compared to other Scottish councils (excluding Orkney Islands and Shetland Islands). Between 2011/12 and 2015/16, usable reserves increased by around a third – by £16 million to £62 million. Usable reserves in 2016/17 reduced to £54 million due to planned expenditure that was financed from the Capital Reserve ([Exhibit 8, page 23](#)). The council's policy is to have unallocated General Fund reserves at four per cent of its net budgeted revenue, to provide for future unforeseen costs and contingencies. In 2016/17, unallocated General Fund reserves stood at £9.8 million and 4.2 per cent of the net cost of services. Allocated General Fund reserves were £11.6 million at 31 March 2017. The largest reserve within this balance was the Modernisation Fund (£6.7 million). This is used to support the Modern Ambitious Programme, and projects can bid for monies from the reserve to assist MAP activity.

60. Of the £54 million reserves reported at 31 March 2017, around £43 million are statutory reserves or have been ring-fenced for future spending. The largest of the statutory reserves is the Capital Reserve Fund (£19.6 million). The council has increased this reserve in recent years and plans to use funds during 2017/18 to minimise the borrowing required to fund the Capital Programme.⁹

61. The Capital Programme approved by the Council in February 2017 shows an increase of 61 per cent in planned capital spend for 2017/18 and a further increase of 37 per cent in 2018/19. This relates to City Deal projects; the construction of new

primary schools; and the development of ICT infrastructure. The Repairs & Renewals Fund was established to enable a continuing programme of repairs and renewals to roads, infrastructure and council property.

Exhibit 8

Usable reserves

The council's Total Usable Reserves decreased from 2015/16 to 2016/17.

Description	31 March 2017 £ million	31 March 2016 £ million
Capital Reserve Fund	19.6	28.9
General Fund	21.4	18.9
Repairs and Renewals Fund	9.5	10.5
Insurance Fund	1.9	1.9
Housing Revenue Reserve	1.2	1.4
Total Useable Reserves	53.6	61.6

Source: East Renfrewshire Council

62. Borrowing has reduced over the past five years and the council has relatively low levels of borrowing and external debt. Its ratio of long-term borrowing and debt as a percentage of its net revenue stream is the lowest of all councils apart from the Orkney Islands and Shetland Islands. However, it has proportionally higher levels of PPP debt compared to other councils – the fifth highest of all councils in 2015/16.

63. The council has three PFI/PPP contracts for the provision of new schools, school extensions and for the council's share of the Glasgow Southern Orbital Road and the M77 extension. These contracts commit the council to fund the future revenue requirement for the duration of the contracts (25-30 years). In addition, the council is building a new secondary school using the Scotland's Schools for the Future programme's non-profit distributing model. The future revenue commitment to the council over the term of these contracts was £132 million at 31 March 2017, and represents a significant future pressure on budgets. The current PFI/PPP contracts are due to end between 2026 and 2041.

Expenditure is managed effectively but budgets need to be more realistic

64. The council operates a Budget Strategy Group (BSG) comprising all administration councillors. It meets from June to February each year to agree budget priorities and actions. The budget position is monitored by the Cabinet, which reports to Council. Budget reports provided to councillors are of a good quality and provide helpful narrative on variances.

65. However, the council consistently underspends its revenue budgets significantly compared to its original forecasts. This results in high levels of unplanned year-end balances. [Exhibit 9 \(page 24\)](#) compares balances budgeted at the beginning of the year to be transferred to reserves against the actual transfers made at the year-end. The BSG meeting in June 2017 considered plans to address these underspends. These include reviewing contingency budgets and moving centralised budgets into departments to better reflect spend. The Accounts Commission has reported on the importance of councils' budgets and forecasts reflecting actual spending levels and patterns.

Exhibit 9

Transfers to Reserves compared with budgeted transfers

The council has consistently returned higher transfers to reserves than it originally budgeted for.

Year	Actual £ million	Planned £ million	Variance £ million	Reasons for variances reported to councillors
2012/13	9.1	0.7	8.4	Lower than planned redundancy costs Police and Fire reductions in cost Higher Council Tax collection
2013/14	5.3	0.5	4.8	Early action to apply savings measures Higher Council Tax collection
2014/15	4.4	0.1	4.3	Early action to apply savings measures Higher Council Tax collection
2015/16	8.8	1.0	7.8	Savings applied early; reported £3.8m of efficiencies Lower restructuring costs Higher Council Tax collection
2016/17	5.3	0.0	5.3	Loan charges Management of staff vacancies Savings applied early

Source: East Renfrewshire Council

The council has identified savings options and developed medium-term financial plans

66. The council prepares detailed three-year year cyclical budgets and its current three-year budget period ends in 2017/18. Planning for the next three-year period is well underway. The council produced its first five-year financial strategy in December 2016, highlighting to councillors the factors affecting the council's finances – such as demographic and legislative, change and budgeting scenarios. An initial assessment of total required savings in the February 2017 long-term financial plan gave a range of savings of between optimistic and pessimistic scenarios of £30.1 million and £44.5 million for the three years beginning April 2018.

67. Since then, the three year savings target has been revised to take account of more recent economic forecasts and updated council income and expenditure assessments. The current three-year savings target has been set at £26.3 million, which reflects the council's most optimistic financial planning scenarios. Budgets and savings options are currently being discussed at Budget Strategy Group meetings with councillors. Public consultation on budget proposals is expected to begin in early October 2017.

The council is improving its workforce planning arrangements

68. The council estimates that to address its funding gap over the next three years, it will need to reduce the workforce by an average of 100 full-time equivalents (FTE) per year. This will partly be offset by a significant growth in the number of early years workers to meet the requirements of the new legislation. The workforce reduced by 524 FTE in the seven-year period 2009/10 to 2015/16, including 170 FTE which transferred to the East Renfrewshire Culture and Leisure Trust.¹⁰

69. The Workforce Plan and Strategy 2014-2018 links council strategies and the workforce. Workforce is a key priority identified in the ODP and to support this, a diagram has been developed to ensure that the workforce Planning and Strategy supports the '*modern ambitious council*'. A Workforce Planning report is reviewed by the CMT every six months and a council-wide Workforce Planning Working Group is

developing a longer-term strategy. However, there has been no formal report to councillors on the Workforce Plan and Strategy 2014-2018.

70. The outcome of the council's change programme, and the need to secure significant savings, will impact considerably on workforce planning. The council has started planning for the production of its Workforce Plan for 2018-2021, which will link to the council's longer-term savings plans and budgets. The CMT has reviewed initial options for workforce related savings.

Sickness-absence rates are high among non-teaching staff and the council is working to address this

71. The council's sickness-absence rates among non-teaching staff are above the Scottish average, and in the bottom quartile for the relevant LGBF indicator. Sickness-absence deteriorated significantly over the period 2011/12-2014/15. There were improvements in 2015/16 and in 2016/17 but the level remains high. Conversely, sickness-absence rates for teachers are amongst the lowest in Scotland.

72. The council actively monitors sickness-absence and has introduced targeted initiatives to reduce levels, including referrals to Occupational Health, employee counselling, mental health training and health checks. In addition, the Audit and Scrutiny Committee receives six-monthly progress reports.

The council is sharing, and building on, largely positive staff survey results

73. The council conducts a staff survey every second year, and the 2016 survey had a good response rate of 56 per cent. Results were most positive around the themes of staff believing they are doing meaningful work; belonging to a committed team, and on the management environment.

74. While still largely positive overall, survey results were more mixed regarding the council's values and vision; employees' ability to work and grow, and a positive work environment.¹¹ In particular, only 48 per cent of employees believed action would be taken in response to the survey. Departmental and council-wide improvement actions have been developed in response to the survey feedback. Examples include: an improved staff reward/recognition scheme; enhanced departmental communication with staff; increased focus in the Performance and Review Development Scheme (PRD) on staff development and use of protected learning time; and structured team sessions looking into council values and aims.

75. Results and improvement actions have been communicated to staff through a range of methods using infographics and a '*You said, we did*' format for articles and posters. The council has effectively communicated its vision and strategy to staff. This has been achieved by making links between the council's vision, the ODP and PRD. The council has an overall PRD completion rate of 95 per cent.

The council lacks a fully integrated approach to managing its resources

The council's approach to asset management has been slow to develop, although it has improved more recently

76. Asset management plans were of a poor standard and did not integrate with either strategic planning or financial budgets. There was no corporate asset plan. A fundamental review of asset management began in September 2015 as part of the council's development of its new operating model. Since then, there has been significant progress:

- A refreshed Corporate Asset Management Group provides strategic direction and includes members from across the council, the Culture and Leisure Trust and the HSCP.

- The development of much-improved asset management plans, along with a Corporate Asset Management Plan.
- The Cabinet will now approve all revised asset management plans. Previously, there had been limited involvement by members in asset management planning, with the review of asset plans being delegated to the CMT.

77. The council's first long-term capital investment strategy was submitted by officers to councillors in February 2017 to provide a more strategic context to capital plans. These improvements should demonstrate to councillors the contribution made by the council's capital investment programme to the long-term strategic objectives and council vision. The updated asset management plans will further strengthen this plan.

78. A significant backlog of repairs maintenance totals £44 million across property and roads assets. The property backlog amounts to £18 million and the level of spend on property maintenance is below that recommended by the Building Maintenance Institute (£19/m² in 2015/16 compared with the benchmark of £23/m²). A significant programme of maintenance work is required by the properties owned by the council and occupied by the Culture and Leisure Trust. The council estimates the roads maintenance backlog at £26 million.

79. In January 2017, the CMT approved a new approach to managing the use of buildings. This should enable the council to measure the extent to which buildings are used; inform the more effective day-to-day operation of premises; and support the ongoing programme of highlighting any surplus assets that could be either used differently within the council or sold off as surplus assets to generate income. Early work in this area informs planning for expanding nursery provision.

There is scope to improve procurement performance

80. Procurement is a key aspect of corporate financial management and has the potential to make a significant contribution towards a council's corporate savings targets. In 2015, the independent evaluation framework for assessing councils' procurement performance changed. The Procurement Capability Assessment (PCA) was replaced by the more stringent Procurement and Commercial Improvement Programme (PCIP), which is applied by Scotland Excel to assess councils' procurement performance.¹² Because the PCA and PCIP are different tools, it is not possible to compare a council's performance between them.

81. In March 2017, the Cabinet approved a '*Procurement strategy and action plan 2016-2018*', which aligns with the PCIP framework. The council's procurement function is now undergoing a service review that encompasses structures, systems, data and processes. The aim is to deliver a more strategic corporate service, supported by systems and information responsive to the council's needs and priorities. After PCIP assessments of 31 councils, East Renfrewshire Council was in the third quartile for its overall performance.

The process for paying suppliers has been an area of long-standing underperformance

82. Paying suppliers' invoices on time has been an issue reported to councillors in the past. The reported average performance for Scotland is that, during 2015/16, 93 per cent of invoices were paid within 30 days. In 2016/17, East Renfrewshire Council only paid 71 per cent of invoices within 30 days and this figure was lower in 2015/16. Councillors raised concerns in 2016 that the council's poor performance could have a detrimental impact on local businesses. The council has taken corrective action including a full review of the 'purchase to pay' processes and centralising the receipt of invoices. Officers acknowledge the service review has been more challenging than they anticipated, particularly given significant staff turnover. Nonetheless, there has been a marked improvement and an average of 86 per cent of invoices were paid on time in the period April 2017 to August 2017.¹³

83. There have recently been two major breakdowns in controls in the creditors section. In March 2017 a fraudulent attempt was made to change a supplier's bank account details while the council was introducing the new centralised process for receipt of invoices. The council changed bank account details without suitable validation checks, breaching its procedures. Two invoices totalling £2.3 million were approved for payment but stopped by bank staff who became suspicious and refunded the council. Controls regarding changes to suppliers' bank accounts have since been strengthened.

84. Controls over the prevention of duplicate or erroneous payments to creditors have also been weak. Contrary to council procedures, reports produced by the creditors system – which highlights potential duplicate payments – were not adequately investigated by officers. The council's internal audit section has since investigated all possible duplicate payments over the last two years. Around 300 duplicate or erroneous payments with a total value of £330,000 were identified. The council successfully recovered most of this balance and weaknesses in the follow-up of possible duplicate payments have been addressed.

National targets for expanding early learning and childcare will strain resources

85. The Children and Young People's Act 2014 expands a parent's Early Learning and Childcare (ELC) entitlement to 1,140 hours per year for every three and four year old and eligible two year old, by August 2020. Like all councils, East Renfrewshire was required to submit an implementation plan to the Scottish Government by 29 September 2017 – to include details of infrastructure requirements, capital and revenue plans and a workforce plan. The council's plan was approved by its Education Committee on 28 September 2017.

86. There are growing numbers of pre-school children in East Renfrewshire. This is partly due to increasing numbers of private housing developments and to the quality of the council's education services being attractive to parents. Existing nursery establishments are already at almost 90 per cent capacity. Demand for local authority nursery places remains high; and is about to increase further.

87. The council is considering a range of models for providing parents with 1,140 hours of ELC – likely to involve an extra 1,100 nursery places; ten additional nurseries; and over 200 child development officers. The council is introducing three new nurseries from within its existing resources but plans for seven new nurseries are not yet fully reflected in the council's capital budgets or workforce plans.

88. An ELC Expansion Board has been created by the council to take strategic responsibility for the increase to 1,140 hours per eligible child. Four themes will provide a framework for the expansion of provision – Quality, Flexibility, Accessibility and Affordability. Work is to be taken forward in three phases:

- Phase 1 – by August 2020: the introduction of 1,140 hours, with very limited flexibility and accessibility offered to parents.
- Phase 2 – by August 2023: provision of 1,140 hours, with increased flexibility and accessibility.
- Phase 3 – by August 2024: full expansion to offer greater flexibility and accessibility in all ELC establishments.

89. It is too soon to gauge whether the council will meet the Scottish Government's target by 2020. The Accounts Commission and the Auditor General will jointly publish a national report on early learning and childcare around February 2018.

Part 4

Is the council working well with its partners?



The council has a well-established approach to partnership working

The council works closely with its partners in the Community Planning Partnership, which recently adopted revised governance arrangements.

There are well-established arrangements for integrated health and social care services; good working relationships with the East Renfrewshire Culture and Leisure Trust; and promising examples of joint working with other public bodies.

The council has good foundations on which to build its approach to community engagement and participatory budgeting.

The council works closely with its partners in the Community Planning Partnership

90. The council is key member of East Renfrewshire's Community Planning Partnership (CPP), and the council's Leader chairs the CPP's board. Prior to 2008, a Community Plan set out the CPP's vision and plans for East Renfrewshire. Since 2008, the Scottish Government has required each of Scotland's CPPs to have a Single Outcome Agreement (SOA) for its area. The latest available SOA shows that the CPP's focus on outcomes mirrors that of the council's ([Exhibit 3, page 12](#)) and maps to the Scottish Government's national priorities.¹⁴

91. East Renfrewshire's CPP board provides strategic direction and oversight for the partner bodies' work.¹⁵ Until 2017, the full board met once a year although considerable communication occurred outside formal CPP meetings. In June 2017, new governance arrangements were proposed by the council and adopted by the CPP. From now on, the CPP board will have the flexibility to meet more often.

92. The board is supported by the Performance and Accountability Review (PAR) – a group of senior officers, from all CPP partners, which scrutinises performance; identifies areas where it needs to be addressed; and where partnership working may need strengthened. Twice a year, the PAR reviews performance towards the CPP's target outcomes prior to presenting an annual performance report to the CPP board, including improvement actions where required.

The Community Planning Partnership generally performs well on its objectives

93. Trends over the period 2004/05 to 2014/15 on some community planning outcome indicators show improvement has been slower than for Scotland as a whole ([Exhibit 10, page 29](#)). Reasons for this are complex and do not necessarily indicate poorer performance by the CPP itself.

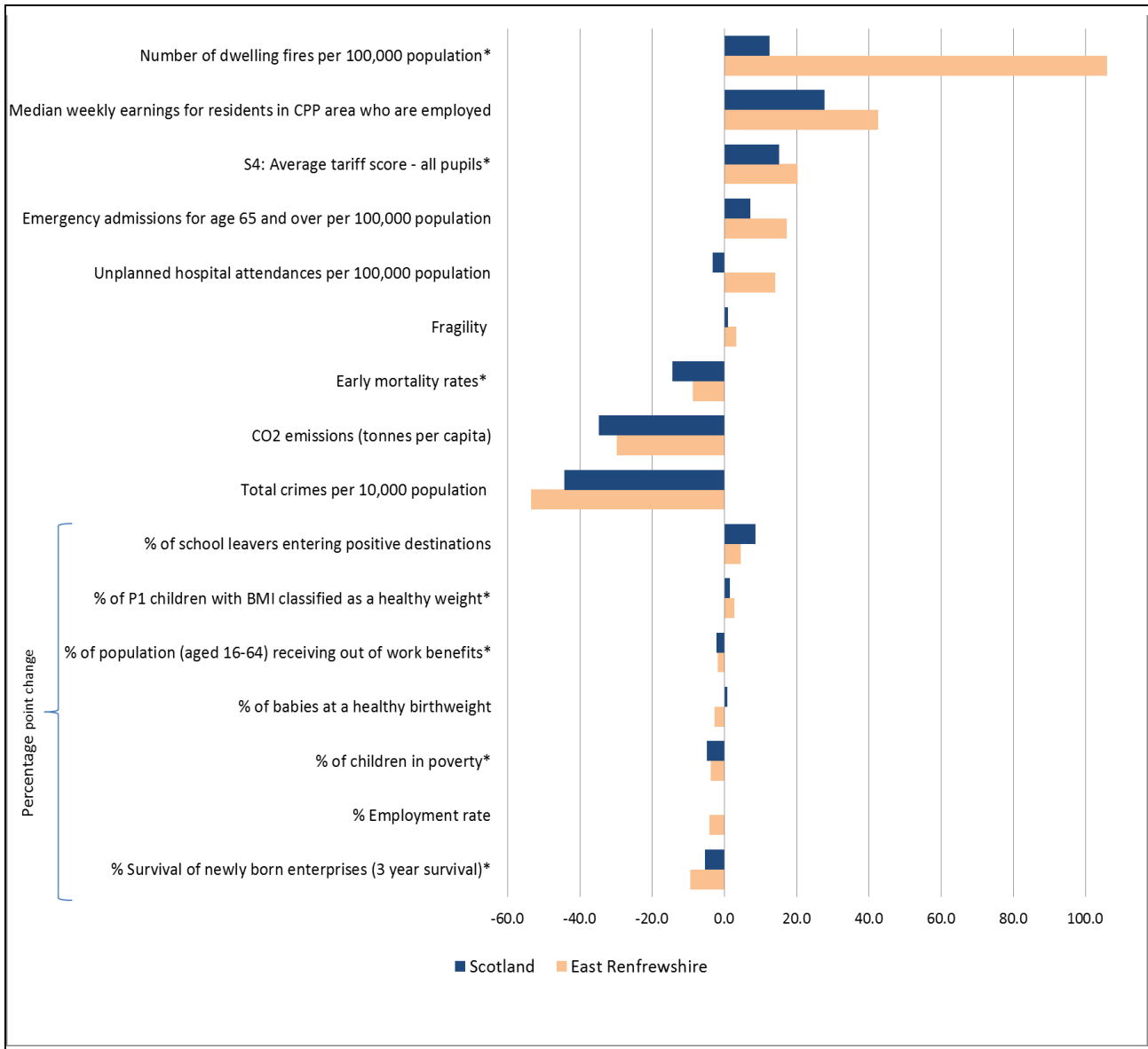
94. On some indicators, improvement has been slower than for Scotland due to East Renfrewshire already performing at close to 100 per cent, leaving less 'headroom' for improvement compared to other CPPs. Where a council is performing very well on an indicator, diminishing returns mean it can become increasingly challenging to make further incremental improvements while still securing value for money, and reconciling a broad range of policy priorities. This is the case for the percentage of school leavers entering positive destinations. There

are also indicators on which the CPP has improved at a faster rate than for Scotland as a whole, such as the percentage of Primary 1 pupils with a healthy Body Mass Index (BMI); pupils' average educational tariff score; residents' median income; and crime rates.¹⁶

Exhibit 10

Change in performance for East Renfrewshire Community Planning outcomes 2004/05 to 2014/15

Improvement has been slower than for Scotland as a whole, but for complex reasons.



Note 1: *Imputed and projected data have been calculated using differing methodologies for different measures where raw data is not yet available.

Note 2: Primary 1 (P1) BMI figures are calculated using a three-year rolling average.

Note 3: Fragility is a weighted combination of three indicators: Depopulation, Rural Depopulation and the Old Age Dependency Ratio.

Source: Audit Scotland; and *Community Planning Outcomes Profile 2014/15*, Improvement Service

95. Exhibit 10 shows that in East Renfrewshire, between 2004/05 and 2014/15:

- The rate of Primary 1 children with a healthy BMI weight increased by 2.1 per cent compared to an increase of 1.6 percentage points across Scotland.
- The number of people receiving out of work benefits (aged 16-64) decreased by 1.9 per cent compared to a national decrease of 2.1 percentage points.
- Child poverty in East Renfrewshire decreased by 3.7 percentage points compared to a decrease of 4.9 per cent across Scotland.
- The employment rate in East Renfrewshire decreased by 4.2 per cent while there was an increase of 0.1 per cent across Scotland.
- Emergency admissions for those aged 65 and over per 100,000 population rose by over 17 per cent, more than double the rate of increase across Scotland (7 per cent). East Renfrewshire's high proportion of older people may generate additional demand on some services.
- Emergency department attendance rates per 100,000 population increased by 14 per cent, compared to a national decrease of 3.3 per cent.
- Early mortality rates decreased by 8.8 per cent, compared to a national decrease of 14 per cent. East Renfrewshire still has a lower rate of early mortality compared to the Scottish average.
- The percentage of babies born at a healthy birth weight decreased by 2.8 per cent for East Renfrewshire while there was an increase across Scotland of almost 1 per cent.
- The S4 average tariff score increased by 20.3 per cent, compared to a national increase of over 15 per cent.
- Total crimes per 10,000 population decreased by 53.5 per cent compared to a national decrease of over 44 per cent.
- The number of dwelling fires per 100,000 population increased by 106 per cent, significantly more than for Scotland as a whole, which increased by 12.5 per cent. However the total number of dwelling fires remains below the Scottish average.

96. Although outcomes in East Renfrewshire are generally improving, the area continues to face challenges, including issues associated with pockets of sustained deprivation. For example, the area covering Dunterlie, East Arthurlie and Dovecothall has some of the poorest outcomes in East Renfrewshire. The CPP is well aware of these issues and continues to address them.

There are well-established arrangements for integrated health and social care services

97. East Renfrewshire benefits from a long-standing, integrated approach to delivering health and social care services, beginning with the formation of the Community Health and Care Partnership (CHCP) in 2006. The East Renfrewshire Integration Joint Board (IJB) was formed in June 2015 and built successfully on the foundations established by the CHCP and will continue the integration of service delivery under the new governance arrangements.

98. The East Renfrewshire Health and Social Care Strategic Plan 2015-18 sets out the IJB's strategic priorities. An early success has been the construction of the purpose-built Eastwood Health and Care Centre opened in August 2016, allowing for joint-working amongst health and social care staff.

Governance of the East Renfrewshire Culture and Leisure Trust is sound

99. East Renfrewshire Culture and Leisure (ERCL) is a charitable trust that was established in July 2015. Four councillors are members of the ERCL board. There are good working relationships between the council and ERCL. For example, ERCL's chief executive sits on the council's corporate asset management working group; and also on the CPP's Performance and Accountability Review (PAR) panel.

100. A business planning process is outlined in the Services Agreement between ERCL and the council. This agreement vested ERCL with the assets to deliver culture and leisure services on behalf of the council, and it specified that ERCL must present an annual business plan to the council at least three months before the start of the financial year. The business plan is required to:

- Identify the projected resources and/or expenditure by ERCL in complying with its contractual obligations to the council.
- Where ERCL occupies facilities under licence from the council, identify any planned or remedial maintenance to be met from the council's capital plan or revenue budgets.
- Detail a costed list of new items of equipment that are required to meet ERCL's contractual commitments during the forthcoming year and flag where items are to be procured by the council and/or remain the council's property.

101. An effective framework provides for monitoring the quality and standards of ERCL's services, and its financial standing. ERCL's business plan is approved by the council annually, and must set out how the trust supports the council in delivering Best Value. ERCL provides the council with its quarterly report, which gives an update on its contribution to relevant outcomes in the CPP's SOA and the council's Outcome Delivery Plan (ODP). Also, ERCL's performance against SOA/ODP targets is monitored by the CPP and council on a six-monthly basis.

There are encouraging examples of joint working with other public bodies

102. Joint working has the potential to reduce a service's costs whilst also improving quality, and therefore to budget savings that the council could make. In East Renfrewshire, joint working is in place with various organisations, as exemplified by [Case study 3](#) and [Case study 4](#) on page 32.

Case study 3

The council works with Glasgow City Council on parking penalty charge notice processing

In April 2012, East Renfrewshire Council's Cabinet agreed that Glasgow City Council would provide back-office support services for penalty charge notice processing when East Renfrewshire Council became a Parking Authority.

Decriminalised parking enforcement (DPE) was introduced in April 2013, when the council entered into a three-year contract with Glasgow City Council.

In January 2016, the Cabinet extended the contract for one year, leaving time for a decision to be made about how to procure this service in future. In March 2017, the Cabinet considered that the partnership had been very successful and that continuing the arrangement would secure a wide range of benefits; be more beneficial than undertaking a procurement exercise on the open market; be operated on a not-for-profit basis; and realise community benefits.

Source: East Renfrewshire Council

Case study 4

The council works closely with the Police at multiple levels

The same Chief Superintendent oversees policing in Glasgow City, East Dunbartonshire and also East Renfrewshire – and so can bring insights from outside East Renfrewshire. The officer sits on the council's Police and Fire Cabinet; the CPP board; and CPP partners' chief officers groups that coordinate work on adult protection and child protection. A Chief Inspector is responsible for policing in an area coterminous with the council, helping with communication and discussion of shared interests.

A Sergeant based at Giffnock Police Station line manages a Constable who works part-time in the council's HQ and liaises closely with its CPP partners. The same Sergeant manages three Constables who are each based in a secondary school but work closely with schools across East Renfrewshire.

Each Monday, a meeting between council officers, police officers, and officers from the fire and rescue service focuses on achieving '*Greater results in Partnership*' (GRIP). GRIP meetings review incidents during the preceding week; live issues; and take pre-emptive measures making tangible improvements to outcomes for local residents. Urgent issues are shared quickly by GRIP team members with relevant organisations, without waiting for the next GRIP meeting.

GRIP team members share a plan for addressing issues such as community safety initiatives, antisocial behaviour and multiple visits by different public bodies to the same address. Targeted action can include a joint letter from a Registered Social Landlord, the Police and the council to a tenant causing problems.

Source: East Renfrewshire Council, Police Scotland

It is too early to assess the City Deal projects' effectiveness

103. City Deals are a UK-wide initiative to provide city regions with the opportunity to deliver infrastructure, innovation and employment projects that improve their economic performance. The UK and Scottish Governments both provide funding, with councils contributing additional funding.

104. In 2014, East Renfrewshire Council became part of the £1.13 billion Glasgow City Region City Deal, together with seven other councils.¹⁷ In population terms, East Renfrewshire is one of the smaller councils involved in the Deal but has an equal partner role and plays an active part in its governance. It is represented on all the sub-groups and leads the infrastructure and assets subgroup. Work has started on the £44 million City Deal investment programme for East Renfrewshire, where the infrastructure investments are anticipated to improve transport links, and lead to job opportunities through business growth and inward investment. The programme comprises three aspects, at different stages of development:

- Enterprise – meeting a growing demand for flexible business space, and enhancing business and learning opportunities. Flexible commercial units are now open at Crossmill Business Park and a 17-acre former factory site has been prepared for private investment, supporting business growth and creating employment opportunities. A new business centre is proposed at Newton Mearns also. Work on the Newton Mearns site is at an early stage.
- Infrastructure – increasing connectivity across the council area by improving road connections between the communities of Barrhead, Newton Mearns and the M77; by constructing a purpose-built railway station and bus interchange at Barrhead South, on the Glasgow to Neilston railway line. There has been slippage in these projects due to ongoing negotiations with third parties such as Scottish Water and Transport Scotland.
- Leisure – developing the Dams to Darnley Country Park by 2019. Plans include a visitors' centre, boardwalk and wake park with improved accessibility by road, rail and bicycle.¹⁸ Building commences in 2018.

The council and its partners are committed to engaging with local communities

105. Community engagement is one of the council's five Capabilities in its corporate vision ([Exhibit 3, page 10](#)), and therefore central to its ambitions.

106. Over the past three years, council officers have worked with the council's partners to map socio-economic and demographic data about individual communities to better understand their capacity, needs and priorities. This work identified over 800 groups.

107. A series of developments has occurred within the last two years. For example, in 2016, the Cabinet approved revised arrangements for community engagement. Also, the council introduced new arrangements for its links with community councils. The council's Modern Ambitious Programme Board (MAP) approved a strategic plan for developing the council's community engagement capability, in March 2017.

108. The council uses a number of well-established methods to gather information on the views of the communities it serves – including:

- The Citizens' Panel – which comprises approximately 1,200 people. The council has surveyed the Panel 21 times since establishing it in 1998.
- The Citizens' Space – a public-facing, online consultation hub. Since its launch in 2012, it has published over 360 consultations and received over 32,000 responses. After a consultation, the council publishes a 'You said,

we did' response. For example, a consultation on housing services led to better information being included in a council tenants' newsletter.

- A 'community mapping database' – which features over 500 active community groups and is used to target local engagement; identify community needs; and establish gaps in service provision. The database is available for the public to access if they wish to find local groups in their area.

109. Voluntary Action East Renfrewshire (VAER) represents voluntary and third sector bodies in the area. A representative of VAER sits on the CPP's board; enables community organisations' views to inform the CPP; and the CPP board's thinking and decisions to be shared with local groups.

A new legal framework for community engagement was introduced in 2015

110. The Community Empowerment (Scotland) Act 2015 places new responsibilities on public bodies for interacting with communities. It provides for communities to have a more proactive role and moves the emphasis of community engagement from periodic consultations by public bodies towards enabling communities to participate in bodies' decisions continually, including resource allocations.

111. In particular, the act required each of Scotland's 32 CPPs to publish a Local Outcome Improvement Plan (LOIP) by 1 October 2017. Following engagement with over 2,200 local residents, 'Fairer East Ren' was approved by the Council as east Renfrewshire's LOIP on 28 September 2017 and published on the CPP's behalf, with four priority themes: reducing the impact of child poverty; improving employability; improving mental health and wellbeing; and reducing social isolation, loneliness and increasing safety.

112. The act requires each CPP to publish more focused 'Locality Plans' for priority communities. In January 2017, the council's Cabinet proposed that, initially, Locality Plans should be prepared for two areas for 2017-2027. Both of these areas are within the 20 per cent most deprived areas in Scotland. In each area, the CPP has adopted a community-led model, with a steering group that includes local people.

- Arthurlie, Dunterlie and Dovecothall (the 'ADD2Barrhead' Locality Plan)
- Auchenbach (the Auchenbach Locality Plan).

The council has good foundations on which to deliver the aims of the Community Empowerment (Scotland) Act

113. The council and CPP anticipate continuing to use a range of approaches to consulting the residents and engaging residents. For example, the council plans to use an online budget simulator to help residents understand the council's financial pressures; booklets on the budget-setting process and budget proposals for 2018/19; and 'budget panels' of interested stakeholders to discuss the budget-setting process.

114. Fairer East Ren and the two Locality Plans are designed to integrate with other work by the council and its partners – such the City Deal projects. There has been some early progress with community engagement and participatory budgeting, in which the public help to shape services' priorities. For example:

- Training for the council and its partners on community engagement in general is part of the corporate training programme. Specific training is also available on specialist topics, such as multi-agency work on the mental health of young people. Communities have also been given capacity-building training and support to encourage partners.

- The council redesigned its household waste collection service in response to community feedback about the previous arrangements.
- The East Renfrewshire Autism Parents Action Group supports parents with children with autism. The council gave capacity-building support and free lets of meeting space to enable the group to deliver its services.
- The council's Cabinet has approved a participatory budgeting process to distribute £600,000 of repair funding for residential roads. Community participants ranked their top two preferences for their chosen locality.

115. The council's Community Learning and Development (CLD) service in Lavern Valley was inspected by Education Scotland during February and March 2017. The inspection found numerous strengths and also identified that it would be helpful for the council to further develop and foster a culture of co-production with communities.

116. While the CPP's direction of travel is encouraging, it is too early to assess progress against the Fairer East Ren LOIP or the two Locality plans. Key success factors for the council and its partners could include:

- managing the plans' financial implications
- developing the community engagement skills of staff
- building communities' capacity to engage with public bodies.

Part 5

Is the council demonstrating continuous improvement?



The council faces a period of accelerated change against a backdrop of financial pressures and ambitious organisational development

The council adopted a new approach to business transformation in 2015 because the design of the previous Public Services Excellence programme would not have achieved the necessary increased pace and scale of change. Since then, council reform and development activity has been intensive.

It is still unclear how the business transformation projects will contribute to service improvements and financial savings and it is too early for us to assess whether these will be sufficient. A fully integrated approach to financial and service planning will be essential.

The council recognises the need to consider different models of service delivery as part of its business transformation programme.

There is scope to improve corporate monitoring and reporting of the council's business transformation.

The unprecedented pace and extent of planned changes are likely to place significant pressures on the capacity of staff and the services they deliver.

The council recognised it needed to transform and accelerate its change programme to meet future challenges

117. Our 2005 Best Value audit report found that East Renfrewshire Council demonstrated many of the attributes of a council pursuing Best Value.¹⁹ The operation of the council has continued to improve across some areas that our 2005 audit report identified ([Exhibit 11, page 37](#)).

118. The council's Public Services Excellence (PSE) change programme began in 2009. The PSE programme operated for six years and secured annual recurring savings in the region of £4.8 million, of which £2.8 million related to a reduction in the workforce. Over the term of the PSE programme, staff numbers reduced by 283 FTE. The remaining £2.0 million of savings were delivered by approximately 160 projects and initiatives across the council. Key projects included the roll-out of flexible or 'agile' working; the development of online services and the initial stages of a multi-year redesign of the Care at Home service.

Exhibit 11

Progress between the Best Value audit in 2005 and this audit in 2017

Good progress in some areas contrasts with slower progress in others.

	2005	2017
Vision	The council has a good understanding of its local communities and has a clear vision for meeting their needs. Effective cross-party working and strong corporate leadership has helped it over several years to take a proactive and innovative stance and to be seen as a progressive organisation. Its strategic direction is set out in the Community Plan and Corporate Strategy but these are not clearly aligned and do not set out measurable targets.	The council's clear vision and strategic direction reflect its detailed knowledge of the local area and are widely supported by councillors and staff. Overall, there is effective leadership from the council's corporate management team, with some scope for greater monitoring and review at a corporate level, and more active engagement and scrutiny by councillors.
Performance	There is evidence that the council generally provides a high standard of services, as shown in the Statutory Performance Indicators and the recent HMIE report on the Education Department. However, there are areas of underperformance. For example, a recent inspection of its Housing service found scope for improvement in a number of areas.	The council continues to perform to a high standard and most residents are satisfied with council services. The performance of most council services is good, particularly in education, but some have room for improvement.
Resources	The council has a history of sound financial management, matching resources to policy priorities and with no audit qualifications or budgetary overspends. Council assets tend to be managed by individual departments, but a corporate approach is now being developed to prioritise expenditure on purchases and maintenance.	The council is in a strong financial position but faces much greater demographic and financial pressures than in the past decade. It needs to embed recent improvements in asset management and develop workforce planning to ensure they are fully-integrated to strategic and resource planning.
Partnerships	The council has a track record of effective joint working with other public sector and voluntary organisations. It has actively led the establishment and continued development of the Community Planning Partnership and there are examples of joint working by individual departments. There is evidence of a concern amongst individual members and officers that sharing services with neighbouring authorities could undermine the clear identity of a smaller council.	The council works closely with its partners in the CPP, which recently adopted revised governance arrangements. There are well-established arrangements for integrated health and social care services; good working relationships with East Renfrewshire Culture and Leisure; and promising examples of joint working with other public bodies. Planned work on community engagement is progressing.
Continuous improvement	The council makes significant efforts to drive continuous improvement in the delivery of its services. While core aspects of BV are well established, these continue to be refined and further developed. Improvements are required in areas including: <ul style="list-style-type: none"> • Greater emphasis on outcomes in performance management and scrutiny arrangements. • An improved approach to option appraisal including working with other councils. • Further improvement in public reporting. • Improvement in some aspects of housing. 	The council has performed well but faces major challenges. The pace of change has increased markedly since 2015, when the council adopted a new approach to transformational change. <p>There will be significant pressures on the capacity of staff and service delivery. The council recognises the need to consider different models of service delivery as part of service redesign.</p> <p>There have been improvements in the performance of housing services in areas such as rent arrears and housing repairs</p>

Note: HMIE is now Education Scotland.

Source: *East Renfrewshire Council: the audit of Best Value and Community Planning*. Prepared by Audit Scotland for the Accounts Commission, October 2005

119. During the PSE programme, there was a mixed picture of the council reviewing the potential for service redesign or doing things differently, such as outsourcing or creating Arm's Length External Organisations (ALEOs). Some services have a significant element of private sector provision such as roads repairs, non-housing repairs, parts of homecare and street cleaning. However, some larger scale in-house services such as facilities management and refuse collection services have not been subject to rigorous options reviews to ensure Best Value.

120. Establishing East Renfrewshire Culture and Leisure as trust was first considered by the council in 2001 and again in 2006, before finally being agreed in July 2015. Options for using a private provider or linking with other councils' leisure trusts were not reported to councillors as part of the decision-making process.

121. In May 2013 the Council approved a new approach to organisational development introducing the 'five capabilities' that the council believed it needed to excel at to meet future aspirations and deliver outcomes – Prevention, Community engagement, Data, Modernisation and Digital. It recognised that the operating model under PSE would not support the council sufficiently when the scale and intensity of change would need to increase significantly.

Since 2015, organisational reform and development activity has been intensive

122. In June 2015, the Cabinet approved plans for a new transformation programme, the Modern Ambitious Programme (MAP). The council envisaged the MAP benefits to include: financial savings; redesigned business processes; improved customer outcomes' and improved job satisfaction for employees. The council believes that MAP will build up a range of enabler projects, such as the new financial accounting system, which can be used as building blocks for service redesigns that will release savings/efficiencies across the organisation.

123. In parallel to the work on MAP, the council has progressed work on organisational development, ensuring staff were involved in developing the overall council's 'Vision for the Future' and building up knowledge of the five capabilities so that these can be applied throughout the organisation to drive improvement. In March 2017 an update to the council's Vision for the Future – Plan of Change and Organisational Development (OD) – was approved by the Cabinet. It set out the council's approach to improvement, ranging from fundamental transformational change and redesign to more systematic continuous improvement through self-evaluation using 'How Good is Our Service'. [Appendix 1](#) shows key steps in the council's continuous improvement timeline since 2005.

Links between the change programme and budgeted savings are unclear and there is no council-wide visibility of change activity

124. The CMT acts as the strategic programme board for MAP work. It delegates responsibility for delivering service reviews and redesigns to each department, with each department having its own strategic vision based on the Council-wide 'Vision for the Future'. Each department also has its own change board to govern its programme of service reviews and change projects.

125. Progress against each department's change programme is mainly given through verbal updates to the CMT, with more formal reporting on the allocation of shared corporate resources such as HR and ICT. The CMT does not jointly monitor progress on all aspects of the business transformation programme at a council-wide level. The number of change programmes across the council has increased significantly and nearly all services are subject to review. There is currently no council-wide visibility of all change activity or an overarching view of progress

126. The programme of service reviews and redesigns included in the change programme is expected to make a significant contribution to future savings plans while protecting or improving outcomes for citizens. The programme comprises a mixture of enabler projects and direct service redesigns. Enabler projects should

support change and improve efficiency of processes. The council is budgeting to make £9 million savings from business transformation across 2018/19 to 2020/21. It is still unclear how the change projects link to these savings targets.

127. The council considers the digitalisation of services is critical to the business transformation programme and aims to develop 'end-to-end' digital processes. The council's plan for becoming a 'digital' organisation focuses on three objectives:

- All services are digital by design and use data analytics.
- The council has a digitally capable workforce and a modern working environment.
- Communities engage digitally with the council.

128. It is unlikely that digital ambitions alone will generate the step-change in the scale of savings required within the next three years. Evolving the council into a digital organisation will be a longer-term project. In 2014 the council conducted a detailed review of its ICT services to assess their capability to support the council during a period of large-scale systems development and changes in working practices.

129. More recently, the council has appointed a new Head of ICT & Digital Enablement and strengthened controls in areas such as data recovery and information backup. The Digital Strategy was introduced in February 2017 and a cross-departmental Digital Skills Group established to take it forward. The council has committed around £8 million in its capital programme for future investment in ICT infrastructure and has already made some progress. For example:

- The council's chief executive chairs the Local Government Digital Transformation Partnership, which encourages and facilitates collaboration across Scotland.
- The council's website has retained a top four-star SOCITM (Society of Information Technology Managers) rating since 2013/14.²⁰
- The HSCP has used technology-enabled care to help ensure the safety of vulnerable elderly people in their own home.

There will be significant pressures on the capacity to deliver change while maintaining services

130. The council is going through a period of unprecedented change. Multiple boards and groups, with overlapping membership, have been set up to advance the council vision and transformation programme. A project management office (PMO) has been in place since 2009 through PSE, and now supports departmental change boards and programme which manage the council's enablement projects, working closely with colleagues in ICT.

131. The council has recognised that along with digital/ICT/data skills, there is a limited supply of some skills within the council. In response, the PMO also designed and delivered the council's SQA accredited course in project management and a course in change management, which are building skills in these areas throughout the organisation.

132. A key part of the business transformation programme is organisation development (OD). The council has approved an OD Strategy which clearly sets out its ambitions over the next three years. A focused OD work plan is in place and an OD Board ensures staff are engaged in the change process, and support the council in meeting future challenges; promoting leadership development and developing corporate values.

Recommendations



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- **Councillors should take a more transparent and active role in scrutiny. They should have greater oversight of the transformation of the council.**
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- **The council should adopt a more strategic and coordinated approach to planning and managing corporate resources and transformation programmes, to encompass financial strategies and plans; workforce plans; asset management; procurement; and three-year budget planning.**
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- **The council should identify why its revenue budget is consistently underspent, and introduce more realistic budgeting policies and practices which reflect actual spending levels and patterns more closely.**
-
- **The council should continue to enhance its engagement with its communities and partners; progress the City Deal; and work with the CPP to implement the Community Empowerment (Scotland) Act 2015.**
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- **To ensure Best Value, the council should include a wider variety of options appraisals as part of its approach to business transformation and service review.**
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Appendix 1.

Best Value audit timeline

The pace of change started to increase around two years ago.

Event / milestone	
2005-2014	
2005	▶ Audit of Best Value and Community Planning, Audit Scotland.
2006	▶ The CHCP between the council and NHS Greater Glasgow and Clyde was established.
May 2007	▶ Local government election
Mar 2008	▶ The current chief executive was appointed.
Apr 2009	▶ The council adopted the Public Service Excellence model of change management.
Oct 2010	▶ The CMT considered a report on 'How good is our service assessment programme'.
May 2012	▶ Local government election
May 2013	▶ The Council approved an Organisational Development Plan (ODP).
Sep 2013	▶ The CMT agreed leads for 'capabilities'; identified a need for OD resource; next steps.
2015-2017	
Jan 2015	▶ The councils in the Glasgow City Region Deal City Deal signed an outcome agreement.
Mar 2015	▶ The CMT approved a new change programme and its governance arrangements.
Jun 2015	▶ The Cabinet closed the PSE and approved ' <i>A Programme for our Future Council</i> '.
Jul 2015	▶ The East Renfrewshire Culture and Leisure Trust was established.
Aug 2015	▶ The Cabinet approved the Modern Ambitious Programme (MAP) of change. ▶ The CHCP became the HSCP, and the IJB went live.
Sep 2015	▶ The first MAP Board meeting signalled formal closure of the PSE programme.
Apr 2016	▶ The MAP board agreed a structure for future MAP board meetings.
Jan 2017	▶ The Council agreed its approach to the Local Outcome Improvement Plan (LOIP).
Mar 2017	▶ The Cabinet noted progress on the ' <i>Vision for the future, the ODP</i> '.
Apr 2017	▶ The Cabinet agreed an approach to participatory budgeting.
May 2017	▶ Local government election
May 2017	▶ Report to CMT on a council-wider approach to strategic change. ▶ Report to CMT on a self-evaluation of ' <i>How good is our service?</i> ' ▶ Report to CMT on workforce considerations.
Sep 2017	▶ Briefing for councillors on the MAP.
Oct 2017	▶ Deadline of 1 Oct 2017 for all councils to produce their LOIP.

Notes:

ASC = Audit and Scrutiny Committee; CHCP = Community Health and Care Partnership. CMT = Corporate Management Team; HSCP = Health and Social Care Partnership. LOIP = Local Outcome Improvement Plan. PSE = Public Sector Excellence model of change management. SOA = Single Outcome Agreement.

Source: Audit Scotland, East Renfrewshire Council

Appendix 2.

Endnotes

Abbreviations:

ERC = East Renfrewshire Council.

ERCL = East Renfrewshire Culture and Leisure Trust.

ERCPP = East Renfrewshire Community Planning Partnership.

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- ◀ ¹ [Ethnic group by sex/age; 2011 Census](#), National Records of Scotland, March 2014.
 - ◀ ² [SIMD16 council area profile and analysis: East Renfrewshire](#), Scottish Government, November 2016.
 - ◀ ³ [Outcome Delivery Plan 2017-20](#), ERC, March 2013.
 - ◀ ⁴ [LGBF – Technical Detail for Adult Social Care Indicators](#), Improvement Service, page 6.
 - ◀ ⁵ [Landlord details for ERC](#), Scottish Housing Regulator website.
 - ◀ ⁶ [ERC Local Scrutiny Plan 2017/18](#), Audit Scotland, May 2017.
 - ◀ ⁷ [Report to Cabinet: Tenant participation and engagement](#), ERC, February 2016.
 - ◀ ⁸ [East Renfrewshire Council End of year presentation 2015](#), YouTube video.
 - ◀ ⁹ [General fund capital plan 2017/18 to 2024/25](#), ERC, February 2017.
 - ◀ ¹⁰ [Workforce planning and strategy 2014-2018](#), ERC, April 2015.
 - ◀ ¹¹ [Employee Engagement Survey 2016 Report](#), Craigforth August 2016.
 - ◀ ¹² [Leading change](#), Scotland Excel website.
 - ◀ ¹³ [Update on invoice payments in East Renfrewshire Council](#), August 2017.
 - ◀ ¹⁴ [Single Outcome Agreement update 2015-16](#), ERCPP, May 2015.
 - ◀ ¹⁵ [Community Planning page](#), ERC website.
 - ◀ ¹⁶ [Audit Scotland](#) and [Community Planning Outcomes Profile](#), Improvement Service.
 - ◀ ¹⁷ [What is City Deal](#), ERC website.
 - ◀ ¹⁸ [East Renfrewshire City Deal projects](#), ERC website.
 - ◀ ¹⁹ [ERC: The audit of Best Value and Community Planning](#), Prepared by Audit Scotland, October 2005.
 - ◀ ²⁰ [Better Connected 2016/17: East Renfrewshire](#), Society of Information Technology Managers website.