

supporting improvement in local government

accounts  
commission  
annual  
report  
2010 | 11

# What we do

The Accounts Commission is the public's independent watchdog which, through the audit process, requires local government bodies in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission holds local authorities to account and helps them to improve by:

- securing the external audit, including the audit of Best Value and Community Planning
- following up issues of concern, identified through the audit, to ensure satisfactory resolutions
- carrying out or promoting national performance audits to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 44 joint boards and committees (including police, and fire and rescue boards).

It was established in 1975, operates independently of local authorities and of the Scottish Government, and meets and reports in public. Scottish ministers appoint a maximum of 12 members following a public appointments process.

The Commission does not employ any staff. Audit Scotland was set up to support it and the Auditor General for Scotland in their work.

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# Chair's message

“

We will continue to support and challenge councils as they look to improve services.

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Local authorities in Scotland continued to operate in a tough financial environment during 2010/11. Councils are facing extremely difficult decisions in allocating funds and prioritising services. We recognise the substantial work that councils have done to begin to address the dual challenge of reducing budgets and growing demand for services.

Over the past year our work has covered a variety of areas. In our annual *An overview of local government in Scotland* report, published in January, we welcomed the commitment shown by councils to improving financial planning and overall resource management. We underlined some key issues facing councils, including the importance of robust performance management systems, sound governance and accountability and good-quality information to support decision-making.

We strengthened our focus on supporting improvement by launching our *How councils work* series of reports. *Roles and working*

*relationships: are you getting it right?* considered the ways councillors and officers work together. I spoke at a seminar in March 2011, hosted jointly by the Commission and the Improvement Service, to promote the report's recommendations.

The Commission has continued to lead the way in facilitating and coordinating the scrutiny of local government. In July, the scrutiny coordination strategic group, chaired by the Commission, published the first *National Scrutiny Plan for Local Government*. The plan sets out all the corporate and service-level scrutiny activity that would be carried out in councils during 2010/11. The Scottish Government has asked us to continue with this facilitation and coordination role as one of the Commission's accepted functions. In this role, we have worked closely with the other scrutiny bodies in Scotland and I would like to thank them for their continued support and efforts during this time.

In partnership with Her Majesty's Inspectorate of Constabulary for Scotland (HMICS), we published two Best Value

reports on police forces and police authorities. I presented the messages coming from the first two reports in the series, which were pilot reports, to the Scottish Policing Board in April 2010.

We also carried out a consultation on assessing Best Value in fire services. As well as gathering written feedback, I was pleased to meet with fire service conveners and chiefs in October 2010 to talk about our plans.

We published six performance audit reports including *Maintaining Scotland's roads*, *Edinburgh trams* and *The cost of public sector pensions*. Five of these were joint reports with the Auditor General for Scotland in areas of shared interest. All attracted significant attention.

The Public Services Reform (Scotland) Act 2010 also introduced some new duties for the Commission to fulfil. These include a duty to co-operate to improve scrutiny functions and to improve user focus. You will see examples of how we are fulfilling these duties throughout this report.

John Baillie chairs the Accounts Commission



There have been some changes to our membership over the past year. Iain Robertson and Adrienne Kelbie left at the end of their terms. I would like to thank them for their contributions over the past few years.

Two new members were appointed to the Commission. I welcome Alan Campbell and Sandy Cumming and I look forward to working with them.

There were also two reappointments. James King's term has been extended to October 2013, and I am pleased to have been asked by the Scottish Government to continue as chair of the Commission, also until October 2013.

The Accounts Commission's role is to hold local government to account on behalf of the public and to help it improve. We are keen to work with councils to give them the support they need to deal with the difficult times ahead. This means not only highlighting areas where improvement is needed, but also identifying and sharing where things are working well. Our work over the past year reflects this and we will continue to both

support and challenge councils as they look to improve services and outcomes for communities during 2011/12.

**JOHN BAILLIE**  
Chair of Accounts Commission

# Financial stewardship

The annual financial audit of local authorities is increasingly important in the current financial circumstances. Through the annual audit process, reports on specific matters arising from the audit and performance audit reports, we continue to provide independent assurance to the public on the financial position, governance and management of local authorities.

We arranged for the audit of Scotland's 32 councils and 44 other local authority bodies, including police, and fire and rescue authorities. This is a large undertaking which involves the audit of the £20 billion spent by local authorities in providing public services. All the annual audits are carried out by Audit Scotland or private firms of accountants on appointment by the Commission.

Local authorities submitted their 2009/10 accounts for audit by 30 June 2010. All 76 audits were completed by the end of September and all annual audit reports were issued by the end of October as required. This is a significant achievement on the part of the auditors we appoint.

'Clean' audit certificates were issued for all councils except Shetland Islands Council. The auditor reported that the council had failed to comply with proper accounting practice by not including the financial results of the Shetland Charitable Trust in its group accounts (see case study on page 8).

During 2010/11, we also considered and made findings on reports from the Controller of Audit on Strathclyde Partnership for Transport (SPT) and on the Caithness Heat and Power (CHaP) project run by The Highland Council. In both cases there were important lessons to be learned about financial stewardship and good governance.

At SPT there were serious deficiencies in the way the body managed and controlled travel expenses, and when The Highland Council set up CHaP it failed to establish effective governance arrangements for the project. Both SPT and The Highland Council have put measures in place to address the issues raised and we have asked the auditors to consider these issues in future audits.

In January 2011, we published *An overview of local government in Scotland 2010*. This provided a review of recent audit work and an overview of the challenges facing local government in 2011 and beyond.

In our findings, we recognised the significant challenges from reducing budgets and from growing demand for services. We also welcomed the commitment shown by councils to improving financial planning and overall resource management.

The Commission's Chair, supported by a team from Audit Scotland, briefed the Scottish Parliament's Local Government and Communities Committee on the report in February 2011.

Councils now face extremely difficult decisions in allocating funds and prioritising services. Councils must have robust performance management systems, sound governance and accountability, and good-quality information to support decision-making. It is also essential that councils are innovative in addressing the challenges they face.

audits completed **76**  
by the end of September

amount of **money audited**  
on behalf of the Commission **£20bn**

#### THE NATIONAL FRAUD INITIATIVE IN SCOTLAND 2008/09

The National Fraud Initiative (NFI) is a prime example of what can be achieved when public audit agencies and audited bodies work together effectively.

The NFI matches data from a wide range of public bodies, including councils, to help identify fraud and error. The data includes information about benefit applicants, employees, individuals in receipt of council tax 'single person discount', disabled 'blue badge' holders, tenants and public sector pensioners. Audit Scotland runs the NFI in Scotland and publishes outcomes every two years. At our April 2010 meeting, the Commission considered the outcomes of the 2008/09 NFI.

During 2010/11, the participating audited bodies continued to follow up data matches from the 2008/09 exercise. When Audit Scotland reported in May 2010, bodies had identified outcomes valued at £21 million. This has since increased to £26 million and the cumulative total since the NFI was

introduced in Scotland in 2000 is now £63 million. A high proportion of these amounts relate to councils.

#### HOUSING BENEFIT AND COUNCIL TAX BENEFIT

Housing benefit and council tax benefit services, administered by Scottish councils, are scrutinised by Audit Scotland on behalf of the Accounts Commission.

In 2010/11, we assessed the risks to the continuous improvement of these services at ten councils. The councils have since put action plans in place and we will monitor progress through our audit work.

A more proportionate system of risk assessment has been introduced which has streamlined the process, an approach councils have strongly supported.

# Financial stewardship: case study



## Case study: Shetland Islands Council hearing

The Commission decided to hold a hearing in public on the Shetland Islands after considering two reports from the Controller of Audit that highlighted a number of serious issues facing the council.

In December 2009, the Controller of Audit again brought to our attention that the council's annual accounts had been qualified. This was the fourth consecutive year that they had been qualified because the council had not included the results of the Shetland Charitable Trust within its group accounts.

We asked the Controller of Audit to carry out further focused work on this. The Controller reported in May 2010, with more detail on the accounts and with an update on some other issues, in particular the circumstances surrounding the appointment and subsequent departure of the chief executive.

Over the course of two days in June 2010, more than 40 people gave evidence at the hearing. They included councillors and senior officers of Shetland Islands Council, the former chief executive of the council, trade union representatives, COSLA, the local MSP and MP, members of the public, the Controller of Audit and other Audit Scotland staff. A panel of five Commission members conducted the hearing. Journalists and members of the public were also there.

In our findings we said that the council had serious problems with leadership, vision and strategic direction, governance, financial management and accountability. We said that the council needed to address these issues urgently by putting an improvement programme in place.

We said that the programme should have clear objectives, milestones and timescales for delivery. It should cover a number of areas including:

- the council's approach to governance, to ensure that rigorous systems are in place to support clear and transparent decision-making

- councillors working together to ensure that they have a shared understanding of the requirements of the Code of Conduct for elected members
- training and development for councillors and senior officers to help develop clear and authoritative leadership, mutual respect and a clear understanding of their respective responsibilities
- processes to ensure that its use of resources is in line with its financial strategy and demonstrate that its services provide Best Value
- procedures for the creation and filling of all posts, and performance management and appraisal of all staff
- procedures for consulting and communicating with the local community
- ensuring the qualification of its accounts in relation to the accounting treatment of the Shetland Charitable Trust is resolved.

The Commission held a hearing on Shetland Islands Council in Lerwick



Since the hearing, a new interim chief executive has been appointed and the full council has met and agreed an improvement plan covering the issues we identified. As part of its findings, the Commission has requested a follow-up report by the Controller of Audit towards the end of 2011.

Over the course of two days in June 2010, more than 40 people gave evidence at the hearing.

# Improving scrutiny



In 2010/11, we implemented a new streamlined scrutiny system for local government in Scotland. This is making scrutiny more risk-based, proportionate and coordinated. It is reducing duplication of work and freeing resources.

In July 2010, we published the *National Scrutiny Plan for Local Government 2010/11*, in which Scotland's scrutiny agencies jointly set out the strategic scrutiny work that would be carried out in councils during the year.

In the past, each scrutiny and inspection body would separately plan and carry out its own scrutiny programme. This sometimes resulted in councils receiving duplicate requests for the same information or preparing repeatedly for similar audit or inspection work from different agencies.

Under the new system, scrutiny bodies share information and come to an agreed view on the risks facing each council, known as a Shared Risk Assessment. From that, individually tailored local plans are set out for

scrutiny at each body, known as Assurance and Improvement Plans. In 2010/11, these plans were published for all 32 councils, setting out in detail the planned activity at each council and the reasons behind it.

The publication of the national plan was the result of work undertaken since the Commission was asked in 2008 to take on a facilitating and coordinating role for local government scrutiny. Audit Scotland has supported the Commission and worked with Her Majesty's Inspectorate of Education, Social Work Inspection Agency, Scottish Housing Regulator, the Care Commission, Her Majesty's Inspectorate of Constabulary for Scotland, and NHS Quality Improvement Scotland. COSLA, SOLACE and the Scottish Government have also been closely involved in this work as observers.

By coordinating work and focusing on the key issues at each council, we have cut the time spent in councils by scrutiny and inspection bodies by 36 per cent compared with 2008.

For the scrutiny and inspection bodies, it means each of them can prioritise and focus their resources and time and can avoid duplication of effort.

For councils, it means they are aware that the amount of scrutiny activity they receive is closely linked to their own performance and risks. The quality and effectiveness of councils' own self-evaluation processes have a direct bearing on how much scrutiny activity will take place.

Each local authority now has a clear picture of what will be happening during the year. For the first time, councillors and members of the public have a single document that shows an assessment of the main risks in their council and the proposed scrutiny response. This can be used by councillors in their own scrutiny role as they assess their council's progress.

In March 2011, the Cabinet Secretary for Finance and Sustainable Growth wrote to the Commission to ask us to continue with the coordination and facilitation role, as one of our accepted functions.



Scrutiny bodies can now focus resources and avoid duplication of effort

The Scottish Government's request was based on positive feedback from a stock-take exercise it carried out.

In his letter, the Cabinet Secretary said he welcomed the overall positive findings of the stock-take and was grateful for the valuable work the Commission and our scrutiny partners have carried out in this area.

The Commission is pleased that the work has been successful and is happy to continue in its coordination and facilitation role. We believe that further progress can be achieved through these arrangements and look forward to continuing to work in partnership with other scrutiny bodies.

For the first time, councillors and members of the public have a single document that shows an assessment of the main risks in their council.

# Best Value



We completed the first round of Best Value audits by publishing our final report from that programme, a progress report on South Ayrshire Council, in June 2010.

We continued to develop our Best Value programme, completing the move from the first round of audits of all councils to a new approach based on shared risk assessment.

We began 2010/11 by publishing reports on four out of the five pathfinder audits for this new approach. We published reports on Angus, East Ayrshire, The Highland and Scottish Borders Councils in April and May. We had previously published a report on Dundee City Council in 2009/10.

For the first time, the Best Value audit reports contained two specific judgements to summarise the assessment of councils. The Commission accepted the judgements in all the reports, and made findings that included key points of progress and areas for improvement.

The Best Value audit is now part of a more streamlined approach to scrutinising councils, police boards and other local authorities. We work with other scrutiny bodies to coordinate our work more effectively, and with other bodies to produce joint reports. In April 2010, we published a report on Northern Constabulary and Northern Joint Police Board in partnership with Her Majesty's Inspectorate of Constabulary for Scotland (HMICS).

We asked Ipsos MORI to gather feedback on the Best Value approaches for both councils and the police (see case study on page 14). We put the new approach into practice in February and March of 2011, when we published reports on Grampian Police and Grampian Joint Police Board and on North Ayrshire Council. We also published a summary version of the North Ayrshire Council report which was intended to make our Best Value reporting more user-friendly.

Now that we have completed Best Value audits of all councils and the new approaches to Best Value in councils

and the police are being rolled out, the Commission is ready to take forward its long-standing commitment to introducing the Best Value audit into fire and rescue services.

In October 2010, the Commission launched a consultation on the process. We agreed to carry out targeted Best Value audit work in each of the eight fire and rescue services and produce a national overview report.

In February 2011, the Scottish Government launched a consultation on the future structure of police and fire services. Our Best Value audit work on police and fire will focus on the key characteristics of efficient and effective service delivery, and the principles of governance and accountability that need to be considered whatever the future structure of the service.

## HOW COUNCILS WORK SERIES

In 2010/11, we launched a new series of publications intended to help councils through the tough financial pressures they face. They draw on our Best Value work since 2004, our

# developing

our approach

annual audits and the annual local government overview. Our aim for the new series is for it to help to stimulate change and improve performance in Scotland's councils.

We published the first of the *How councils work* series, *Roles and working relationships: are you getting it right?* in August 2010. It was well received by the local government community. The report looked at the relationships between elected councillors and council officers.

It found that councils have taken action to improve understanding of roles and responsibilities and the processes and systems that underpin good governance. However, the report noted that the economic, social and political context is changing quickly and it provided checklists, good practice examples and other information to help councils assess their current working practices and identify how they might better equip themselves to deal with the challenges ahead.

In March 2011, we highlighted the recommendations in the report by holding a seminar, organised in partnership with the Improvement Service. This seminar was attended by councillors and gave us the opportunity to present the report's findings and key lessons personally.

The next report in the series, which is due in summer 2011, will focus on key issues for councils when delivering services through arm's-length external organisations (ALEOs).

Our aim for the new series is for it to help to stimulate change and improve performance in Scotland's councils.

# Best value: case study



## Case study: Assessing Best Value

It is important to the Commission that our work is as effective as possible. That is why we asked Ipsos MORI to carry out assessments of the five local government Best Value pathfinder audits and two police Best Value pilot audits.

We considered both evaluation reports at our meeting in July 2010.

The evaluation of the pathfinder audits found that the new approach was generally welcomed by councils. They appreciated the proportionate and risk-based approach taken and spoke favourably about the audit team and the involvement of local government peers at certain stages of the process. However, there was room for improvement in important areas.

The pathfinders included two judgements on the 'pace and direction of travel' of a council and its 'prospects for future improvement'. There was

also a range of descriptors for each judgement. The evaluation suggested that the public and councils did not find them clear enough. We have now changed the judgements and descriptors to make them easier to understand (see table below).

Other areas for improvement included the need to be clearer on the timeframe of the audit; to reduce the time between the audit fieldwork and issuing the draft report to the councils; and to be clearer on the role of peers in the process.

In our response to the evaluation, we committed to working on each of these areas and outlined how the Commission and Audit Scotland intend to do this.

We publish police Best Value audit reports jointly with HMICS. This has been an effective partnership, and the work has had a high profile with police forces and boards. The evaluation indicated strong support for the joint approach that has been adopted.

The feedback on areas where improvements could be made was useful and generally in line with what would be expected from a pilot project. After considering the evaluation, we asked Audit Scotland to work with HMICS on addressing the eight recommendations made in the Ipsos MORI report.

### REVISED PATHFINDER JUDGEMENTS

Performance dimension		
	How good is my council's overall performance?	What are my council's prospects for future improvement?
Performance descriptors	Outstanding	Excellent
	Good	Good
	Satisfactory	Fair
	Unsatisfactory	Poor



Our Best Value work is designed to help councils provide efficient and effective public services

The evaluation of the pathfinder audits found that the new approach was generally welcomed by councils.

■ making an

# impact

The Accounts Commission has the power to carry out performance audits and report on how particular local government services are performing.

A total of six performance audit reports were published in 2010/11, five of which were joint reports with the Auditor General for Scotland in areas of shared interest across the whole public sector.

We published reports on: *Maintaining Scotland's roads; The cost of public sector pensions; Edinburgh trams; Getting it right for children in residential care; Physical recreation services in local government; and Improving energy efficiency.* These reports contained some strong messages for local authorities and in some cases their impact is already being felt (see case study on page 18).

The Commission is committed to supporting improvement in local government, so it is important to us to know that the work we are doing is making a difference. We are pleased to receive impact reports from Audit Scotland on each performance audit it carries out on our behalf.

Impact reports are produced around 12 months after a report is published. As well as giving a summary of the media and parliamentary attention that a report has attracted, they include feedback from stakeholders and measure the extent to which our recommendations are being put into practice. We considered seven impact reports in 2010/11.

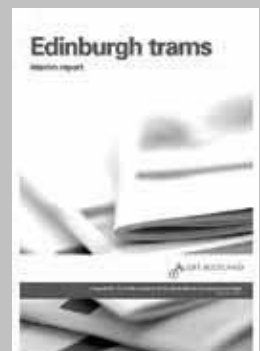
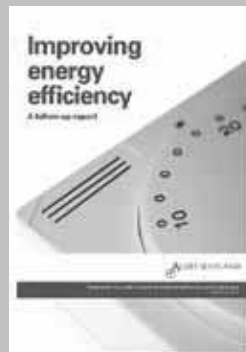
## PROGRAMME OF PERFORMANCE AUDITS

This year we decided, together with the Auditor General, to adjust our approach to these types of reports. Rather than agreeing a fixed programme for two years ahead, we decided to be more flexible and respond to developing issues.

We developed a set of strategic themes and introduced the concept of a rolling programme. This means we have a list of priority audits which will be carried out in the coming year and a list of potential topics which we may audit in the future. In the summer of 2010, the Commission and the Auditor General consulted a wide range of public sector bodies and other interested parties on these proposals.

In October 2010, the Commission and the Auditor General jointly published the programme of priority performance audits to be carried out for them by Audit Scotland in 2011/12, along with the list of potential topics.

The programme of performance audits can be viewed on Audit Scotland's website.



These reports contained some strong messages for local authorities.

# Performance audit: case study



## Case study: Getting it right for children in residential care

There are about 1,600 children and young people in residential care, and they are among the most vulnerable members of our society. We decided to investigate this area and published *Getting it right for children in residential care* in September 2010. The audit said £250 million is spent a year on these services but councils cannot demonstrate they are achieving value for money. Professional practice and work is good in some respects, but not all children get the best-quality care and support. Many go on to have major problems in later life.

This was a joint report with the Auditor General and contains 21 recommendations for councils and COSLA as well as for the Scottish Government and NHS boards, on planning, leadership and systems, and a self-assessment checklist. The audit found that around £150,000 is spent per

child a year. It said that councils have to be sure they achieve an appropriate quality of service for the costs and that they needed clearer strategies and plans. These issues and the poor outcomes for many children in care were key issues highlighted in the extensive media coverage. The report was downloaded 5,713 times in its various forms during 2010/11.

The Scottish Government welcomed the report and there are a number of improvement initiatives under way. The government set up a national commissioning steering group which has produced a draft national contract and service specification for secure residential care. Two new posts have been created: a national commissioning officer based at COSLA; and a regional childcare commissioning post in the Renfrewshire area. They are developing, testing and supporting strategic commissioning in specific areas.

The government set up a strategic implementation group on looked-after children, examining five areas: culture change in care planning; improving

health outcomes; improving learning outcomes; workforce issues; and commissioning. It is also considering using a costing model to identify the full costs of residential child care services to help councils make decisions.

Audit Scotland will produce an impact report 12 months after publication, which the Commission's Performance Audit Committee will consider.



Our audit helped drive improvements in children's residential care

The Scottish Government welcomed the report and there are a number of improvement initiatives under way.

# reporting

performance

Statutory Performance Indicators (SPIs) are intended to promote public accountability and to help appropriate comparisons of council performance to be made. They cover a range of services, including roads and lighting, council tax collection and waste management.

The Local Government Act 1992 requires the Commission to direct local government bodies to report information publicly about their performance. We do this through a set of SPIs.

We normally issue an SPI Direction to councils each December. The Direction we issued for 2009/10 was a significant departure from previous ones. It reduced the number of specified SPIs and provided flexibility for councils to decide what they report to the public, in line with some general guidance provided in the Direction.

The SPI Data Compendium, published in December, provides all the data for Scotland's councils, and fire and rescue services for the previous financial year. It shows councils' progress against each indicator.

The most recent Compendium covers the 2009/10 financial year. Highlights include:

- Most councils have steadily increased the amount of council tax collected within the year, with collection rates increasing from 94.3 to 94.4 per cent in 2009/10 (although ten councils experienced small reductions).
- The proportion of council buildings deemed to be in a satisfactory condition increased in the past year from 76.9 per cent to 79.4 per cent.
- There was a significant deterioration in waste management, although this reflects increasing refuse collection costs as councils strive to increase waste-recycling rates.

The SPIs are published on the Audit Scotland website, and feed into our other work, including the Best Value audits and the annual overview report. This allows them to be considered with other information like the annual audit reports and gives the public a more rounded picture of council performance.

The Commission wants to be able to use its statutory role to support performance reporting designed by authorities themselves. We encourage the local government community to move forward quickly with its own initiatives. These need to provide information that allows the public to understand how their services are performing and how much they cost, in a way that allows comparison across authorities and over time.

The Commission considered a review of the way we have used our power to require councils to publish performance information, and the options for how this should progress. Local authorities are developing their own cost and performance benchmarking data. If significant progress on this initiative can be shown, then we will consider whether this fulfils our duty to publish performance information on councils.

**Council tax  
collection rates** **94.4%**

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**Council buildings in a  
satisfactory condition** **79.4%**

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Local authorities are developing their own cost and performance benchmarking data.

# The Commission



The chair and members of the Commission are appointed by Scottish ministers following an open recruitment process. Two new members were appointed: Alan Campbell and Sandy Cumming. Members are appointed for a period of three years, normally renewable for a further three-year period. In December 2010, two members were reappointed: John Baillie and James King. The members of the Commission during 2010/11 were as follows:



**JOHN BAILLIE (CHAIR)**  
**Appointed:**  
**November 2007**  
**Term ends:**  
**October 2013**

Former partner of KPMG Scotland and London. Recently retired member of the Competition Commission. Visiting Professor of Accountancy, and former Johnstone Smith Professor of Accountancy, at the University of Glasgow.



**DOUGLAS SINCLAIR**  
**(DEPUTY CHAIR)**  
**Appointed:**  
**February 2007**  
**Term ends:**  
**September 2012**

Chair of Consumer Focus Scotland. Has held the position of chief executive in district, regional and unitary councils in Scotland, as well as being former chief executive of COSLA.



**MICHAEL ASH**  
**Appointed:**  
**October 2008**  
**Term ends:**  
**September 2011**

Served as a non-executive director within the NHS. Former head-teacher and chief officer in a local authority education department in England. Ten years as a county councillor including four years as deputy leader of Cumbria County Council. He ran his own event management business for ten years.



**ALAN CAMPBELL**  
**Appointed:**  
**January 2011**  
**Term ends:**  
**December 2013**

Former chief executive of Grampian Regional Council and Aberdeenshire Council. Former chair of SOLACE (Scotland) and of an independent inquiry into Future Fisheries Management for the Scottish Government. Former member of the McCrone Committee.



**SANDY CUMMING**  
**Appointed:**  
**March 2011**  
**Terms ends:**  
**February 2014**

Former chief executive of Highlands and Islands Enterprise (HIE). Former partnership director for Offshore Renewable Energy for the Scottish Government. Non-executive director of the Scottish Agricultural College and trustee of the Robertson Trust.

The Commission met 11 times in 2010/11



**COLIN DUNCAN**  
**Appointed:**  
**October 2009**  
**Term ends:**  
**September 2012**

Non-executive director of NHS Ayrshire and Arran. Convener of the Business Committee of the General Council, University of Aberdeen. Former community councillor and actively involved in the voluntary/third sector. Commercial experience at a senior level in Marks & Spencer plc.



**JAMES KING**  
**Appointed:**  
**November 2007**  
**Term ends:**  
**October 2013**

Treasurer of Stirlingshire and District Association for Mental Health. Non-executive director of the NHS National Services Scotland Board. Non-executive director of Forth Valley Health Board. Former financial director for the Royal Mail in Scotland and Northern Ireland, experience in local government with both Glasgow City Council and Falkirk Council.



**CHRISTINE MAY**  
**Appointed:**  
**October 2009**  
**Term ends:**  
**September 2012**

Chair of the Scottish Library and Information Council. Joint chair of FRAE (Fairness Race Awareness and Equality) Fife. Former leader and deputy leader of Fife Council, MSP and board member with Scottish Homes and Scottish Enterprise.



**WILLIAM McQUEEN**  
**Appointed:**  
**October 2008**  
**Term ends:**  
**September 2011**

Member of the Strategic Board of the Disclosure Scotland Agency and the Scottish Legal Aid Board. Lay member of the Employment Tribunals (Scotland). Former senior civil servant in various departments of the Scottish Government and deputy chief executive of the Crown Office and Procurator Fiscal Service.



**COLIN PEEBLES**  
**Appointed:**  
**October 2009**  
**Term ends:**  
**September 2012**

Retired Army Colonel with senior managerial experience in the Ministry of Defence and the Scottish Police Service. Non-executive adviser to the Criminal Injuries Compensation Authority and chair of Stirling, Falkirk and Clackmannan branch of Soldiers, Sailors, Airmen and Families Association (SSAFA) Forces Help.



**LINDA POLLOCK**  
**Appointed:**  
**October 2009**  
**Term ends:**  
**September 2012**

Chair of a UK-wide advisory board to Pain Concern. Member of the Scottish Legal Complaints Commission and the Nursing and Midwifery Council boards. Former Mental Welfare Commissioner. Experience of senior roles within the NHS; worked for the Scottish Executive on secondment from the NHS.

# The Commission continued



**GRAHAM SHARP**  
**Appointed:**  
**October 2009**  
**Term ends:**  
**September 2012**

Originally trained as a chartered accountant with Thomson McLintock (now KPMG). Has held several senior positions in finance and has been a member of a number of boards, mainly in the City of London, where he was on the board of a leading merchant bank.



**MARK BROUGH**  
**Secretary and business manager to the Accounts Commission, on secondment from the Scottish Parliament**

Two members left the Commission during the year:

**IAIN A ROBERTSON**  
**Appointed:**  
**September 2003**  
**Term ended:**  
**September 2010**

**ADRIENNE KELBIE**  
**Appointed:**  
**November 2007**  
**Term ended:**  
**October 2010**

## Commission membership and meetings

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The Commission decided to hold its meetings in public from January 2011. We believe that this increased openness and transparency will support our aim of being as effective as possible in holding public bodies to account and helping them to improve. We hope that meeting in public will help to build understanding and acceptance of our work.

The Accounts Commission normally meets monthly, with additional meetings as required. In 2010/11, the Commission met 11 times, and also held a public hearing on Shetland Islands Council. The minutes of Commission meetings are available on the Audit Scotland website, and agenda papers for meetings are available three days before the meeting. The Commission has two subcommittees, the Financial Audit and Assurance Committee and the Performance Audit Committee, which meet to consider specific delegated aspects of the Commission's functions. The Financial Audit and Assurance Committee met four times in 2010/11 and the Performance Audit Committee seven times.

In addition to attending meetings, members are closely involved in performance audits. Each audit is sponsored by two members who represent the interests of the Commission in discussions with the audit team. Members also attend follow-up meetings with councils and joint boards following consideration of Best Value reports. These meetings are led by either the Commission chair or deputy chair.

As a result of governance changes under the Public Services Reform (Scotland) Act 2010, the chair of the Commission stepped down as the chair of the Audit Scotland Board in January 2011. The Act stipulates that the chair of the Audit Scotland Board must be an independent non-executive member. The Commission chair remains

a member of the Audit Scotland Board. This allows us, along with the Auditor General, to consider the corporate priorities and performance of Audit Scotland as it delivers our objectives. The performance of Audit Scotland in 2010/11 is reported separately in its annual report, which is available at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

The terms of two members ended in autumn 2010, and two new members were appointed in January and March (see previous pages). All new members made a declaration of interests which is available on the Audit Scotland website.

During 2010/11, the Controller of Audit, Caroline Gardner, took up a secondment position. We appointed Fraser McKinlay, Director of Best Value and Scrutiny Improvement with Audit Scotland, as Controller of Audit for the period of Caroline's absence. The Controller of Audit is appointed by the Commission, subject to the approval of Scottish ministers, and reports to the Commission on matters arising from the audit of the accounts of local authorities and on their performance on their Best Value and Community Planning duties.

## Duties under the Public Services Reform (Scotland) Act 2010

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Along with other public bodies, the Commission now has a number of new duties under the Public Services Reform (Scotland) Act 2010.

The Commission has to show how it contributes to improving efficiency, effectiveness and economy, and promoting and increasing sustainable growth. We are also required to provide information on certain expenditure.

As the resources to support the Commission are provided through Audit Scotland, we agreed that this information will be published on its website.

We also have a duty to co-operate to improve scrutiny functions. Our work in this area is outlined in the Improving scrutiny section of this report.

We have worked with Consumer Focus Scotland to make our Best Value reports more user-friendly and started meeting in public and publishing our agenda papers online.

We are also working with Audit Scotland to make sure that our complaints procedures are updated in line with guidance set by the Scottish Public Services Ombudsman under the Act. We will make sure the procedures cover all aspects of the Commission's business and are clear to everyone affected by the Commission's work.

# Appendix

## Reports published in 2010/11

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### ANNUAL AUDITS

- 76 local authority annual audits (details are on the Audit Scotland website)

### FINANCIAL STEWARDSHIP

- The National Fraud Initiative in Scotland 2008/09
- Shetland Islands Council – Commission findings
- Strathclyde Partnership for Transport – Commission findings
- An overview of local government in Scotland 2010
- The Highland Council: Caithness Heat and Power (CHaP) – Commission findings

### BEST VALUE

- East Ayrshire Council: Best Value 2 pathfinder audit
- Angus Council: Best Value 2 pathfinder audit
- The Highland Council: Best Value 2 pathfinder audit
- Scottish Borders Council: Best Value 2 pathfinder audit
- South Ayrshire Council: The audit of Best Value and Community Planning progress report
- North Ayrshire Council: Best Value 2 audit
- Northern Constabulary and Northern Joint Police Board: Best value audit and inspection
- Grampian Police and Grampian Joint Police Board: Best value audit and inspection
- Independent evaluation of Best Value in Police and Accounts Commission response

- Independent evaluation of Best Value 2 pathfinders and Accounts Commission response

- How councils work: an improvement series for councillors and officers – Roles and working relationships: are you getting it right?

### PERFORMANCE AUDIT

- Getting it right for children in residential care
- Physical recreation services in local government
- Improving energy efficiency: a follow-up report
- Edinburgh trams: interim report
- The cost of public sector pensions in Scotland
- Maintaining Scotland's roads: a follow-up report

### IMPACT REPORTS

- 7 impact reports (details are on the Audit Scotland website)

### GOVERNANCE

- Accounts Commission Annual Report 2009/10
- Accounts Commission Equality Annual Review – progress for the year to 31 March 2010



supporting improvement in local government

accounts  
commission  
annual  
report

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