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Mr John Swinney MSP
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Dear Mr Swinney

Third quarterly update on improving local government scrutiny

My third quarterly update on progress in improving the external scrutiny of local government covers the period to 30 June 2009 and responds to your letter of 3 June, focusing on the key themes of:

- joint scrutiny planning;
- managing change
- communication; and
- challenges for the future.

As you know, the aim of our work is to ensure that the scrutiny of local government is risk-based and proportionate, within the overall direction agreed by the Scottish Government. This update sets out the progress made so far, together with the work that is underway in order to ensure that progress is sustained in future.

We recognise the need to maintain momentum; we have set ourselves challenging timescales and continue to monitor our progress against them. So far our work is on track, but we recognise that we are now entering a critical period with the roll out of joint scrutiny planning to all 32 councils and some key decisions which need to be made with stakeholders. We have therefore recently dedicated additional resources to this work.

I enclose an updated summary of the key milestones showing progress made to date as Appendix 1 to this letter.

Joint scrutiny planning

As you know, we now have a transitional joint scrutiny schedule for 2009/10 which was prepared jointly by Audit Scotland, HM Inspectorate of Education (HMIE), the Social Work Inspection Agency (SWIA), the Scottish Housing Regulator (SHR), the Care Commission, HM Inspectorate of Constabulary for Scotland (HMICS) and NHS Quality Improvement Scotland. This was updated in May 2009 to reflect details of the child protection inspection activity that is planned up to March 2010, and these changes were communicated to local authority chief executives. The schedule is available on the Accounts Commission web page: www.audit-scotland.gov.uk/scrutiny.

We are now working with SOLACE and COSLA to agree a firm baseline from which future changes in the level of scrutiny for individual councils and across local government as a whole can be monitored and reported transparently, as a basis for accountability. This will also be a necessary starting point for our joint planning for 2010/11 for all 32 councils, which is due to start in November.

As you know, we are currently piloting joint arrangements for carrying out a shared risk assessment and a single corporate assessment at five BV2 Pathfinder councils and two Shared Risk Assessment Development Site councils. This work is progressing well and all of the Round Table discussions were completed during June and July, and the consequent audit and inspection work will be carried out during the remainder of 2009 in line with planned timescales.

The quality assurance arrangements for the pilots include a moderation panel which is chaired by Audit Scotland on behalf of the Accounts Commission and includes representation from SOLACE. The panel has now met twice to consider the outputs from the pilots, and this has provided valuable experience and feedback both for auditors and inspectors and for local government.

Managing change

We recognize that this joint improvement activity is ambitious and challenging. We are now putting in place arrangements to bring staff in each of the scrutiny bodies up to speed on developments and to support them through this period of significant change. The operational group is drafting a strategy to help us manage this change agenda within our individual organisations. We aim to emphasise the benefits of the new approach for stakeholders in terms of more proportionate and risk based scrutiny, and highlight the opportunity for our staff to contribute to new ways of working. We are focusing on a defined set of practical tasks that will help us to embed these joint arrangements and smooth the transition.

In my last update I indicated that we are working to establish the remaining 25 local council networks in August this year. We are currently in the process of finalising these arrangements and agreeing representation from each of the scrutiny bodies. All representatives will then be invited to an initial briefing session to establish the networks, and a second training event in October 2009 will familiarise them with the specific planning tasks and tools they will be using. Each network will be encouraged to meet well before the start of the 2010/2011 planning process in November.

Clear and regular communication is obviously central to change management, and is the subject of the next section of this update.

Communication

In my previous updates I have highlighted the importance that all the local government scrutiny bodies place on communicating our work to stakeholders. We aim to be open and transparent in our communication with councils and other stakeholders. My quarterly updates and your responses are available on the Accounts Commission website together with the joint scrutiny schedule.

In addition, the Accounts Commission chair and I have continued to meet with senior representatives of the Scottish Government, COSLA and SOLACE to provide updates on progress and to address any issues of concern.

The forthcoming meeting of the strategic group with these key stakeholders will provide an opportunity to take stock of progress and identify what part each of us needs to play to ensure improvements are sustainable.

In the coming months all 32 local authority chief executives will be engaged in a shared risk assessment and joint scrutiny planning for their own councils, and I expect that this, combined with the training planned for the staff of the scrutiny bodies, will help to raise awareness of the new ways of working and the impact on local government.

Some challenges for the future

We are making good progress in our joint work, but we are now entering a new phase as we test out the new working arrangements in practice. This is highlighting a number of potential barriers which will need to be resolved if the new ways of working are to deliver the planned improvements in a sustainable way, including:

- the implications for the governance of individual scrutiny bodies
- the need to balance joint planning with the need to respond quickly when required
- the practical implications of shared risk assessments.

We are currently preparing a draft Joint Code of Practice for the strategic group, and we would welcome the opportunity to engage with the Scottish Government in resolving these issues. I will provide further details in my next update.

We are clear that we wish to place self evaluation at the heart of our new joint approaches, and we have been testing the extent to which we can rely on council's own self evaluation as part of our development work during the summer. It is important to stress that councils need to continue to invest in these arrangements to ensure that they are fit for the future.

Finally, this work is proceeding at the same time as the new scrutiny bodies for health and social care are being established. We are working hard to ensure that our approach is aligned with the arrangements for the new bodies in order to fulfil the government's objectives, and we recognise that this places additional demands on those colleagues who are involved in both workstreams.

Reporting further progress

I hope that this update assures you of our commitment to sustaining the momentum we have achieved so far; please let me know if you would like any further information. My next update will cover the period to the end of September 2009.

Yours sincerely

Caroline Gardner
Controller of Audit and Deputy Auditor General