

Cabinet Secretary for Finance and Sustainable Growth
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Thank you for your recent quarterly update. I note the progress that has been made and recognise the scale and complexity of the challenge not least the importance of having accurate baseline information for local government on which to base future assessment of risk. I have been clear that some level of proportionate external scrutiny will always be necessary to provide independent assurance that services are well-managed, safe and fit for purpose, and that public money is being used properly.

That said, the need to deliver on a more risk based, proportionate and co-ordinated system of scrutiny is an important Government priority. It has become even more important in view of the current economic and fiscal climate. We must focus as much resource as is possible on the needs of people and business in Scotland. I must stress the need to inject greater pace into your work and to achieve noticeable change in delivering a more proportionate programme of audit, regulation and inspection for Councils.

More specifically in response to the quarterly update:

- The development of a shared risk assessment has rightly been done in an engaged manner. But I would have expected this to be brought into wider application before November 2009, ideally by August of this year. Please let me know if there are impediments to this happening – I am happy for Government to be more pro-active in a supporting role if this would be helpful.
- I appreciate the work that has gone into the operational group but I would be grateful for more detail of the specific tangible benefits which have resulted from work with the five pilot Councils (identified in John Baillie's update to me in October). It is important that we do indeed achieve an overall scaling back of scrutiny activity in 2009/10 rather than this being a possibility.

- I note the activity around a Communications strategy but it is vital that your work is communicated, not least to secure recognition and buy-in to what has already been done. I would be grateful if you could ensure that further, early communication is carried out at a senior level with local government and that your work is communicated down through scrutiny bodies themselves.

Government is ready to support you where required and I would encourage you to speak to my officials about what might be helpful in this regard. I have already asked officials to ensure that they support the development of BV2 as the corporate assessment tool for local authorities and the communication of that and understand they are in ongoing contact with your staff. While I recognise the focus of BV2 at this stage is on local government I welcome the fact that the Accounts Commission has sought to engage the wider public sector in its application.

In my letter to John Baillie in November I said that the Government was considering your proposal to place local authority scrutiny bodies under a duty to co-operate. I am pleased to tell you that we have decided to include this suggestion in the forthcoming Public Services Reform (Scotland) Bill and this will send out a clear message of intent.

As you are aware we will shortly publish the Government response to the work of the 5 action groups. That will include a short update on the work that you have been doing as well as progress on the structural changes that I announced in November 2008. It is important for Government to demonstrate to partners that we are addressing scrutiny improvement in a way that draws together the different strands into a coherent package of reform in support of your work.

Yours sincerely