

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday 15 July 2009, at 10.30am

PRESENT: J Baillie (Chair)
O Clarke (items 1 to 14)
M Ash
A Faulds
J King
I Low
B McQueen
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
F McKinlay, Assistant Director (Best Value)
G Smail, Acting Secretary and Business Manager
M Walker, Portfolio Manager (Best Value) (item 10)
F Selkirk, Performance Auditor (Best Value) (item 10)
C Wyllie, Henderson Loggie (item 10)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 17 June 2009
4.	Minutes of Performance Audit Committee of 24 June 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Dumfries & Galloway Council – response to Best Value audit
8.	East Dunbartonshire Council – response to Best Value audit
9.	Glasgow City Council – response to Best Value follow-up audit
10.	Aberdeen City Council – Best Value follow-up audit
11.	BV1 overview report – initial draft
12.	Update on Best Value developments
13.	BV2 consultation responses
14.	Peer involvement in BV2 - update
15.	Local government scrutiny coordination update report
16.	Public Services Reform Bill – summary of main proposals
17.	Draft Housing (Scotland) Bill - consultation report
18.	Any other business

1. Apologies for absence

Apologies for absence were intimated from Adrienne Kelbie.

2. Declarations of interest

It was noted that no declarations of interest were made.

3. Minutes of meeting of 17 June 2009

The minutes of the meeting of 17 June 2009 were submitted and approved. With reference to item 12 (BV2 – developing a more citizen focused audit) it was agreed that further discussion was required about user focus in audit work.

(Action – paper to Commission in October or November – Barbara Hurst/David Pia)

4. Minutes of Performance Audit Committee of 24 June 2009

The minutes of the meeting of the Performance Audit Committee of 24 June 2009 were submitted and approved, subject to amended wording in relation to item 3 (in respect of the future meeting schedule) and item 5 (looked after children study project brief).

(Action – Acting Secretary & Business Manager to update minute)

5. Chair's introduction

The Chair reported on a number of items:

- Representatives of the Scottish Commission for Public Audit will observe the interviews for non executive members of the Audit Scotland Board.
- Best Value follow-up meeting at West Dunbartonshire Council was to take place on 16 July 2009.
- A recent meeting with Consumer Focus Scotland as part of the BV2 consultation process.

The position was noted.

6. Update report by the Controller of Audit

There was submitted and noted a report by the Controller of Audit providing an update on the following matters:

- Parliamentary committees, including progress in relation to joint Accounts Commission/Auditor General reports
- Performance of local authorities in submitting accounts for audit
- Statutory performance indicators
- Changes at senior officer level in councils
- The progress of the Arbutnot review of shared services
- Audit Commission reports.

7. Dumfries & Galloway Council – response to Best Value audit

There was submitted the Dumfries & Galloway Council Best Value improvement plan and an extract from the Council's minutes of its meeting at which the Best Value report was considered.

The position was noted.

8. East Dunbartonshire Council – response to Best Value audit

There was submitted the East Dunbartonshire Council Best Value improvement plan and an extract from the Council's minutes of its meeting at which the Best Value report was considered.

There was also submitted a note summarising the follow-up meeting with the Council on 15 June 2009.

The position and summary were noted.

9. Glasgow City Council – response to Best Value follow-up audit

There was submitted the Glasgow City Council Best Value improvement plan and an extract from the Council's minutes of its meeting at which the Best Value follow-up report was considered.

There was discussion about monitoring actions and it was noted that this would happen in the usual way, through the local auditor. Thereafter, the position was noted.

10. Aberdeen City Council – Best Value follow-up audit

There was submitted a report by the Acting Secretary and Business Manager introducing the report of the Best Value follow-up audit of Aberdeen City Council. The follow-up report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973.

Following discussion, the Commission agreed to make findings as contained in the appendix to this minute.

11. BV1 Overview Report – initial draft

There was submitted a report by the Director of Public Reporting (Local Government) attaching an initial draft overview on the first phase of Best Value audits.

Following discussion, it was agreed that the Chair and the report sponsors would meet with the Audit Scotland team and that a final draft would be submitted to the Commission at its meeting in September.

12. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) providing an update on the progress of BV2 and other Best Value developments.

The Commission noted the progress of the BV2 improvement plan.

13. BV2 consultation responses

There was submitted a report by the Director of Public Reporting (Local Government) summarising the responses to the BV2 consultation exercise.

During discussion, a number of points were made about wording and style. The Chair asked members to submit any further detailed drafting points to Audit Scotland by 17 July. Subject to these changes, the Commission approved the report for issue to stakeholders and for placing on the Audit Scotland website.

14. Peer involvement in BV2 - update

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress regarding peer involvement in the BV2 pathfinder audit process.

Following discussion, which included consideration of matters relating to costs and independence, the Commission noted the progress in involving elected members and officers in BV2 pathfinder audits.

15. Local government scrutiny co-ordination update report

There was submitted a report by the Controller of Audit informing the Commission of developments in the scrutiny co-ordination work being carried out under the Commission's gate-keeping role.

The position was noted.

16. Public Services Reform Bill – summary of main proposals

There was submitted a report by the Director of Audit Strategy summarising the main proposals in the Public Services Reform Bill.

Following discussion, it was agreed that a response would be drafted for approval by the Chair.

Action – response to consultation to be drafted (Russell Frith), approved by the Chair and submitted.

17. Draft Housing (Scotland) Bill - consultation report

There was submitted a report by the Controller of Audit regarding the Scottish Government's consultation on the draft Housing (Scotland) Bill.

Following discussion, it was agreed that a response would be drafted and for approval by the Chair.

Action – response to consultation to be drafted (David Pia), approved by the Chair and submitted.

18. Any other business

The Chair:

- reported that following a recent recruitment process, nominations for new Commission members had been made and the outcome is now awaited.
- noted that the Scottish Government had intimated new arrangements for Commission member remuneration. Audit Scotland was carrying out backdating calculations for processing in due course.
- noted that the Commission would not meet in August, and will meet next on 16 September.

**ABERDEEN CITY COUNCIL
AUDIT OF BEST VALUE & COMMUNITY PLANNING
PROGRESS REPORT JULY 2009**

ACCOUNTS COMMISSION FINDINGS

1. When the Accounts Commission published its findings on the Best Value audit on Aberdeen City Council in May 2008 following a public hearing it requested a further report from the Controller of Audit in 12 months' time. The Commission accepts this report as fulfilling that requirement. We recognise that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and service inspectorates and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by elected members and officers of the Council.
2. The Commission is encouraged by the prompt and decisive action taken by the Council and, taking into account the timescale, commends the Council on its progress across a range of activity. We welcome in particular the steps taken to establish new management structures and a new senior management team, the early signs of changes in organisational culture and the progress in implementing a corporate performance management process.
3. We are also pleased to note that the Council has started to improve budget setting. It now needs to build on this to establish robust and sustainable financial management and monitoring, which will be vital in addressing the challenging financial position it continues to face. This is a key issue in any circumstances and will be all the more challenging for the Council given the recession and the financial pressures facing local government.
4. In aggregate, the Council has made a good start in addressing our findings on the initial Best Value audit report and we believe that there is a very promising base for further improvement. Inevitably at this stage the Council still has much to do and it needs to ensure that the progress is sustained and supported throughout the organisation. In doing so, it needs to mitigate the risks to its ambitious improvement programme arising from dependence on a small number of elected members and officers. The Council also needs to maintain a broad consensus to support the overall direction of travel and pace of change.
5. As part of the streamlining of scrutiny that the Scottish Government has asked the Accounts Commission to be involved in, Audit Scotland is currently working closely with other scrutiny bodies to deliver a shared risk assessment of councils. The Controller of Audit's report and these findings, showing a picture of encouraging initial progress but with some way to go, will feature in the next risk assessment of Aberdeen City Council which will, in turn, inform the nature and timing of future external scrutiny.