

ACCOUNTS COMMISSION

MEETING 15 APRIL 2010

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission
held in the offices of Audit Scotland at
18 George Street, Edinburgh, on
Thursday, 18 March 2010, at 10.30am

PRESENT: John Baillie (Chair)
Douglas Sinclair (Deputy Chair)
Michael Ash
Colin Duncan
Adrienne Kelbie
Jim King
Bill McQueen
Christine May
Linda Pollock
Colin Peebles
Iain Robertson
Graham Sharp

IN ATTENDANCE: Caroline Gardner, Controller of Audit
David Pia, Director of Best Value and Scrutiny Improvement
Lynn Bradley, Director of Audit Services (Local Government)
Fraser McKinlay, Assistant Director (Best Value and Scrutiny Improvement)
Mark Brough, Secretary & Business Manager
Bill Skelly, HM Inspector of Constabulary for Scotland [Item 4]
Liz McAinsh, Principal Inspection Manager, HMICS [Item 4]
Jim Baird, Inspection Manager, HMICS [Item 4]
Jerry Pearson, Inspection Manager, HMICS [Item 4]
Russell Frith, Director of Audit Strategy [Item 9]
Antony Clark, Assistant Director (Best Value and Scrutiny Improvement) [Item 10]
Peter Tait, Assistant Director, Audit Services [Item 11]
Kathrine Sibbald, Best Value Performance Auditor [Item 11]
Dave Richardson, Audit Manager (Local Government) [Item 11]
Mark Taylor, Assistant Director, Audit Services [Item 12]
Gordon Neill, Portfolio Manager (Best Value) [Item 12]
Mark McCabe, Best Value Performance Auditor [Item 12]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 18 February 2010
4.	Northern Constabulary and Northern Joint Police Board – Best Value Audit and Inspection
5.	Minutes of meeting of the Performance Audit Committee of 25 February 2010
6.	Chair's introduction

7. Update report by the Controller of Audit
8. Audit Scotland Financial and Performance Information – Quarter 3, October to December 2009
9. Audit Procurement Strategy
10. Development of Best Value 2
11. East Ayrshire Council – Best Value 2 Pathfinder Audit
12. Dundee City Council – Best Value 2 Pathfinder Audit
13. Local government scrutiny co-ordination update
14. Any other business

1. Apologies for absence

There were no apologies.

2. Declarations of interest

Colin Duncan declared an interest in item 11 as a member of Ayrshire and Arran NHS Board, on which an elected member of East Ayrshire Council also sits.

3. Minutes of meeting of 18 February 2010

The minutes of the meeting of 18 February 2010 were submitted and approved.

4. Northern Constabulary and Northern Joint Police Board – Best Value Audit and Inspection

The Commission considered a report by the Controller of Audit and Her Majesty's Chief Inspector of Constabulary for Scotland on the Best Value audit and inspection of Northern Constabulary and Northern Joint Police Board

Following discussion, the Commission agreed to make findings as contained in Appendix 1 to this minute.

Bill Skelly intimated that he would also produce findings to sit alongside the Commission's findings.

The Commission thanked Bill Skelly and his staff, and the audit and inspection team, for their work and for assisting the Commission's consideration of the report.

The Commission welcomed the positive progress which had been made through the joint approach to police Best Value audit and inspection work so far and noted that an evaluation would be submitted for consideration at a future meeting.

5. Minutes of the meeting of the Performance Audit Committee of 25 February 2010

The Commission noted the minutes of the meeting of the Performance Audit Committee of 25 February 2010. The Commission noted the decision of the Committee to seek advice on how information from impact reports can be used to advocate for improvement. The Commission also noted that the Committee would hold a workshop after its meeting on 22 April to consider the development of the studies programme.

6. Chair's introduction

The Chair welcomed Fraser McKinlay, who had recently been appointed to take up the role of Director of Best Value and Scrutiny Improvement on 1 April, and reported on—

- A presentation given to the COSLA/Improvement Service Annual Convention on 4 March and a PMPA lecture given on 17 March in connection with the CIPFA conference.
- A briefing to the Scottish Parliament Public Audit Committee on 10 March on the Overview of Local Authority Audits 2009.
- The most recent meeting of the scrutiny co-ordination strategic group, held on 17 March.
- An invitation to attend the Scottish Policing Board on 12 April, as a follow-up to issues raised in the Best Value report on Tayside Police.
- A proposal for Audit Scotland to submit evidence jointly on behalf of the Commission and the Auditor General to the Scottish Parliament Finance Committee's inquiry on public services efficiency as part of its budget scrutiny.
- A proposal for a similar joint submission to be made to the Independent Budget Review, recently established by the Scottish Government.

It was also noted that there would be an opportunity for the Commission to discuss the outcomes and action points from its recent strategy seminar when it has a lighter agenda.

[Action: Secretary and Business Manager to circulate submissions to the Finance Committee and the Independent Budget Review to all members.]

7. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on—

- Local government audits
- Relevant Scottish Parliament committee activity
- Audit Commission reports.

In discussion, the Commission noted the invitation from the Scottish Government for Audit Scotland to contribute to a review of the Best Value guidance for public bodies outwith local government, with the aim of making this a central part of future performance arrangements.

8. Audit Scotland financial and performance information – Quarter 3, October to December 2009

The Commission considered and noted a report by the Director of Corporate Services on financial and performance information for Audit Scotland for the three months to 31 December 2009. The Commission noted that the Audit Scotland Board had been reviewing performance information, which would be presented to the Commission in a revised format from the start of 2010/11.

9. Audit Procurement Strategy

The Commission considered a report by the Director of Audit Strategy on the procurement of audits. Existing five-year appointments are due to end with the completion of the 2011/11 audits in Autumn 2011.

Following discussion, the Commission—

- agreed that an audit procurement exercise should be undertaken for appointments to begin with the 2011/12 audit, rather than the existing appointments being extended as permitted by the contracts;
- noted that consideration would be given to how the maximum price benefit might be secured from the process;
- agreed the role that it and its Financial Audit and Assurance Committee would have at various stages of the procurement process, and noted the timetable;
- agreed that the procurement process should be a common one for appointments by the Commission and the Auditor General;
- agreed to continue to operate a mixed market of in-house and appointed auditors;
- agreed that the procurement should proceed on the basis of appointing auditors, rather than sub-contracting of firms by Audit Scotland; and
- agreed that the current appointments should not be extended.

10. Development of Best Value 2

The Commission considered a report by the Controller of Audit providing an overview of the Best Value 2 development process to date, emerging messages from the pathfinder process, plans for evaluation of the pathfinders and the next steps required by the Commission prior to the roll-out of BV2.

During discussion, the Commission noted the following points—

- The process of undertaking the BV2 audit has taken longer than expected, in part due to the pathfinders testing procedures and in part due to extensive discussions with councils on the new judgements. This would be reviewed.
- Further clarification in reports of the way in which the shared risk assessment informs the audit scope and process would be useful.
- The Commission will have the opportunity to consider the national scrutiny plan which arises from shared risk assessment work.
- Summary information in reports on how well councils are delivering services could assist in making the reports useful to local citizens.
- Where possible, it would be useful for continuity from initial Best Value audits to be clear in the reports.

These points will be considered further in the forthcoming evaluation.

11. East Ayrshire Council – Best Value 2 pathfinder audit

The Commission considered a report by the Controller of Audit on the Best Value 2 pathfinder audit of East Ayrshire Council.

Following discussion, the Commission agreed to make findings as contained in Appendix 2 to this minute.

The Commission thanked the audit team for their work and for assisting the Commission's consideration of the report.

12. Dundee City Council – Best Value 2 pathfinder audit

The Commission considered a report by the Controller of Audit on the Best Value 2 pathfinder audit of Dundee City Council.

Following discussion, the Commission agreed to make findings as contained in Appendix 3 to this minute.

The Commission thanked the audit team for their work and for assisting the Commission's consideration of the report.

13. Local government scrutiny co-ordination update

The Commission considered and noted an update report by the Controller of Audit on developments in respect of the scrutiny co-ordination work which is being carried out under the Accounts Commission gate-keeping role.

During discussion the Commission noted—

- the positive response from the Cabinet Secretary to the Controller of Audit's update of 7 January, including proposals for a meeting to take stock on two years of development of the gate-keeping role;
- the new phase of work being undertaken by the strategic group as it agrees a revised forward work plan;
- the key stage of development of Assurance and Improvement Plans and the forthcoming national scrutiny round table meeting arranged for 29 April; and
- that the Commission would consider the national plan in due course, which would provide an appropriate opportunity to consider its role in more detail.

14. Any other business

No other business was intimated.

The Chair expressed the Commission's good wishes to David Pia on his retirement, and thanked him for his invaluable support to the Commission.

The next meeting of the Commission will be on Thursday 15 April at Audit Scotland's offices at 18 George Street.

Appendix 1

Accounts Commission findings

Northern Joint Police Board – Best Value audit and inspection

This is the second audit and inspection report on the performance by a police authority and force of their statutory duties on best value and community planning. It has been produced jointly by the Controller of Audit and Her Majesty's Inspector of Constabulary for Scotland. The Accounts Commission accepts the report from the Controller of Audit on the Northern Joint Police Board. In accordance with the Commission's statutory responsibilities, these findings relate only to the best value audit of the Board.

The Commission welcomes evidence that the Board demonstrates many of the elements of best value. In particular—

- It has a strong awareness of its role, and is effective in its strategic oversight and scrutiny of the performance of the force and in holding the chief constable to account.
- It displays a close connection to community planning partnerships and the single outcome agreement targets relevant to policing.
- It has good working relationships with the chief constable and the force, and an effective partnership with them in achieving best value.
- It ensures that policing priorities focus on the needs of local communities.

There is scope for the Board to continue to develop its role. In particular—

- It should drive the sharing with other police authorities and forces of its areas of good practice.
- It needs to be more proactive in ensuring that it receives performance reports which are well-aligned to its strategic priorities
- Its monitoring of strategic risks, and scrutiny of the response to those risks, needs to be more structured
- It should take a more active role in initiating developments in performance monitoring. For example, it should ensure that it has performance data available to it – such as information on all key areas of the Scottish police performance framework – that will allow it to make effective comparisons with other forces.
- It should ensure that consideration of equality and diversity issues is more embedded in its work and the approach of all members.

We note that there is some evidence of inconsistencies in relationships between the Board and constituent councils. It is important that the relationships between the Board and councils are clear, particularly in relation to the allocation and use of resources. This should be assisted by the clarification (currently being considered by the Scottish Government, in consultation with COSLA and ACPOS) of guidance on the duties and responsibilities of all police boards and their members.

We look forward to receiving an improvement plan from the Board which addresses the improvement agenda set out in the joint audit and inspection report.

The Commission gratefully acknowledges the co-operation and assistance provided to the joint audit and inspection team by the elected members of Northern Joint Police Board, the chief constable and officers of Northern Constabulary and other officials and community planning partners.

The Commission welcomes the joint approach with HMICS on these police audit and inspection reports, and the significant contribution that this is having to stimulating more effective and streamlined scrutiny and to driving commitment to securing best value.

Appendix 2

Accounts Commission findings

East Ayrshire Council – Best Value 2 pathfinder audit

The Accounts Commission accepts this report from the Controller of Audit on East Ayrshire Council's performance of its statutory duties on best value and community planning. The Commission accepts the Controller of Audit's judgements that, in respect of these duties, the Council is improving well and is well-placed to deliver future improvement.

The Commission gratefully acknowledges the co-operation provided to the audit team by the leader, elected members, chief executive and other officers of the Council and its community planning partners, in particular for their constructive approach to being a Pathfinder Best Value 2 area. The Commission also gratefully acknowledges that this report arises from work conducted in close co-operation with colleagues from other local government inspectorates.

The Council and its partners have clear plans rooted in an awareness of the needs of local citizens. Performance indicators show that services are generally performing well with many areas of improvement. There are increased levels of satisfaction with some services such as libraries, primary schools and local council offices. Within the Council area, partnership working is highly effective, and there are effective links between the community plan and service delivery objectives.

The Council has demonstrated that it has the capacity and systems in place to meet the challenge of sustaining improvement. The Commission particularly welcomes the Council's commitment to self-evaluation and its capacity to identify and plan for improvement. It has a good record of delivering improvement, and continues to address development needs.

Improvement is needed in respect of some important service areas, including aspects of social services and planning. Performance on some outcome indicators remains below the national average – for example, in relation to economic regeneration and health. There is decreased citizen satisfaction with the quality of some services, such as repairs to roads, street cleaning and refuse collection. The Council recognises these issues and has plans in place to make progress.

The Council benefits from strong and effective leadership from its chief executive, and there are good relationships between elected members and officers. Elected members have a sound understanding of their communities. They need, however, to continue to develop their skills to allow them to provide strong strategic leadership, and to challenge and hold officers to account. It is essential that they demand and scrutinise robust options appraisal in order to ensure that the Council delivers the best possible service outcomes in the most efficient and effective ways, including considering the potential for co-operation with other public bodies beyond East Ayrshire.

The issues identified in this report will inform the Assurance and Improvement Plan for scrutiny of East Ayrshire Council over the next three years. Local audit and inspection teams will continue to monitor progress.

Appendix 3

Accounts Commission findings

Dundee City Council – Best Value 2 pathfinder audit

The Accounts Commission accepts this report from the Controller of Audit on Dundee City Council's performance of its statutory duties on best value and community planning. The Commission accepts the Controller of Audit's judgements that, in respect of these duties, the Council needs to improve more quickly and has fair prospects for future improvement.

The Commission gratefully acknowledges the co-operation provided to the audit team by the leader, elected members, chief executive and other officers of the Council and its community planning partners, in particular for their constructive approach to being a Pathfinder Best Value 2 area. The Commission also gratefully acknowledges that this report arises from work conducted in close co-operation with colleagues from local government inspectorates.

Dundee faces significant demographic, economic and social challenges. The Council and its partners have a clear and ambitious vision which is rooted in the needs of the local community. They are making progress against these clear objectives.

There are effective working relationships between community planning partners within the Council area, which is having a positive impact on the quality of services. Elected members, however, need to increase their leadership of community planning at a strategic level.

The Commission welcomes evidence of general improvement in overall service performance since the original Best Value audit in 2005 - for example, in tackling poor educational attainment, improving council tax collection, reducing crime and promoting broader economic development. There has also been an increase in citizen satisfaction levels.

There have been significant concerns about some important service areas, particularly housing and child protection services. The Commission acknowledges that these have been subject to reports by the relevant inspectorates, and recognises that the Council and its partners are addressing these issues as a matter of priority.

Where improvement has not been stimulated by external inspection, change has been too slow. There is a significant risk that the recession and tight public finances will affect the Council's ability to sustain improvement. An incremental approach to efficiency in the use of resources will not be sufficient to meet future challenges. The Council's tight central control of resources and high level of managerial accountability need, therefore, to be matched by a more effective embedding of continuous improvement across the Council and continued development of performance management arrangements. This has to be delivered across and for the benefit of the whole Council.

The Council needs to develop more robust use of options appraisal and benchmarking, both internally and externally. It needs to strengthen corporate working to ensure that best practice is identified and shared within the Council. It also needs to look outwards for comparison and to consider the scope for alternative approaches.

We welcome the positive effect that the recently-appointed chief executive has had on leadership. There are encouraging early signs which we hope will result in significant development of the Council's capacity to secure continuous improvement.

In our 2005 findings we expressed concern that the arrangement for all elected members to sit on every committee makes the independence of view essential to the scrutiny process difficult, if not impossible, to achieve. We are concerned to note that there has been little progress on this. It is essential that elected members now develop their strategic leadership and scrutiny of decision-making and performance in order to drive the most efficient and effective delivery of services and attainment of best value.

The issues identified in this report will inform the Assurance and Improvement Plan for scrutiny of Dundee City Council for the next three years. We look forward to seeing evidence of continuing development in the Council and of improvement in the key areas identified in this report.