

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

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

IN ATTENDANCE: David Pia, Director of Public Reporting (Local Government)  
Lynn Bradley, Director of Audit Services (Local Government)  
Mark Brough, Secretary & Business Manager  
Grant MacRae, Director, KPMG (Appointed Auditor) [Item 6]  
Fraser McKinlay, Assistant Director (Best Value) [Item 6]  
Martin Walker, Portfolio Manager (Best Value) [Item 6]  
Nikki Bridle, Assistant Director (Public Reporting) [Items 7 and 8]  
Antony Clark, Assistant Director (Public Reporting) [Items 7 and 8]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence and welcome
2.	Declarations of interest
3.	Minutes of meeting of 21 January 2010
4.	Chair's introduction
5.	Update report by the Controller of Audit
6.	West Dunbartonshire Council – update on Best Value Progress Report
7	(a) Update on Best Value Developments and emerging messages from the BV2 Pathfinder audits
	(b) Reporting of BV2
8.	Local government scrutiny co-ordination update
9.	Strategy Seminar
10.	Any other business

1. Apologies for absence

Apologies for absence were intimated from Adrienne Kelbie and Colin Peebles.

2. Declarations of interest

Douglas Sinclair declared an interest in Item 7(b) in his capacity as Chair of Consumer Focus Scotland.

3. Minutes of meeting of 21 January 2010

The minutes of the meeting of 21 January 2010 were submitted and approved.

4. Chair's introduction

The Chair reported on—

- The first meeting of the scrutiny co-ordination strategic group in 2010, which was held on 10 February.
- Progress on the parliamentary scrutiny of the Public Services Reform Bill, some amendments to which affect the interests of the Commission.
- The publication of the Overview of Local Authority Audits 2009 and associated media work.
- A meeting of the Chair, Deputy Chair and Controller of Audit with COSLA on 4 February in preparation for publication of the Overview report.

5. 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 recommendation of the Parliament's Local Government and Communities Committee that the Commission should undertake an audit of local authority charges across Scotland. The Commission noted that a council's charging strategy is an issue which may be considered in Best Value 2 audits, and that the possibility of further work on charging could be considered as part of the future studies programme.

6. West Dunbartonshire Council – update on Best Value Progress Report

The Commission considered a report by the Controller of Audit on progress following the Best Value follow-up audit carried out at West Dunbartonshire Council.

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

7(a). Update on Best Value Developments and emerging messages from the BV2 Pathfinder audits

The Commission considered an update report by the Director of Public Reporting (Local Government) on progress on Best Value developments and highlighting some key emerging messages from the BV2 Pathfinder audits.

During discussion the Commission considered the extent of the development of some elements which had been set as objectives for BV2, including—

- peer involvement in the audits;
- greater emphasis on outcomes;
- active participation of scrutiny partners in the audit work; and
- greater citizen-focus in the audits.

The Commission noted the position and agreed to consider these issues further at its forthcoming Strategy Seminar.

#### 7(b). Reporting of BV2

The Commission considered an update report by the Director of Public Reporting (Local Government) on the development of reporting styles for BV2 audits, and considered a specimen report and summary versions.

During discussion the Commission:

- acknowledged the work by Consumer Focus Scotland on ensuring that reports were as citizen-friendly as possible; and
- emphasised the need for summary reports to be as clear as possible.

The Commission agreed to consider the style of reporting further during consideration of the BV2 Pathfinder reports and the evaluation of the Pathfinders.

#### 8. Local government scrutiny co-ordination update report

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:

- current work with the Scottish Government to clarify the relationship between its systematic scrutiny check and the Commission's scrutiny gate-keeping role;
- the critical importance of the forthcoming Quality and Consistency Review Panels and national risk assessment work in ensuring consistency of approach across Scotland;
- developments at the meeting of the strategic group on 10 February, in particular the agreement to refresh the work plan and to undertake work to map existing approaches and activity across the scrutiny bodies.

#### 9. Strategy Seminar

The Commission considered and noted a paper by the Secretary and Business Manager outlining the arrangements and key objectives for the Strategy Seminar on 1 and 2 March together with a programme.

#### 10. Any other business

No other business was intimated.

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

## APPENDIX

### Accounts Commission Findings

#### West Dunbartonshire Council – Update on Best Value Progress Report

Following the original Best Value audit carried out on West Dunbartonshire Council in 2006, the Accounts Commission held a public hearing and subsequently issued findings. The Commission then considered a further report and issued findings on it in January 2008. The Commission published its findings on a second progress report in July 2009. At that time the Commission recognised that a number of services continued to demonstrate good levels of performance. However, we criticised the extent and pace of progress against key improvement priorities and in developing effective working relationships between elected members and senior officers. The Commission requested a further report from the Controller of Audit in early course, and accepts this update as fulfilling that requirement. We acknowledge the co-operation and assistance given to the audit process by the council.

The Commission finds that the Council has still not made sufficient progress against many of the areas identified in the original Best Value audit as priorities for immediate improvement. We acknowledge that the Council has now agreed an improvement plan, although progress towards achieving that has been slow. Many of the issues raised in this update report have been matters of concern for some time. We are concerned that elected members do not appear to have been sufficiently engaged with the improvement agenda.

The Council faces significant pressures in achieving operational sustainability and financial stability, and starts from the position of a very low level of free reserves at 31 March 2009. This in itself is a matter of concern; the more so because the Council has made limited progress on ensuring appropriate strategic leadership and effective relationships between members and senior officers. We cannot, therefore, be confident of the Council's ability to make difficult decisions that address these financial difficulties.

We consider that, in order to achieve a sustainable financial position, the Council must establish systems to ensure the management, monitoring and reporting of progress against projected savings. Key milestones must be clear, and senior members must be in the position to deliver active, regular and robust scrutiny of their achievement. We are concerned that West Dunbartonshire Council has not yet demonstrated its capacity to deliver such progress.

We welcome the steps the Council has taken in response to our previous recommendation that it should secure appropriate external peer support for both members and senior officers. We recommend that the Council takes urgent steps to make the most effective use of this external support in order to make faster progress with its improvement plan. The Commission will also seek regular updates from its appointed auditor to provide it with assurance that the financial position of the Council is being addressed effectively.

On behalf of the Commission, Audit Scotland also continues to work closely with other scrutiny bodies to deliver a shared risk assessment of West Dunbartonshire Council. An Assurance and Improvement Plan should be available in May 2010. This should provide a schedule for audit and inspection work to assess the use of resources and the performance of key services.