

**ACCOUNTS COMMISSION**

**MEETING 14 OCTOBER 2010**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 16 September 2010, at 10.00am.

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

IN ATTENDANCE: Caroline Gardner, Deputy Auditor General and Controller of Audit  
Fraser McKinlay, Director of Best Value and Scrutiny Improvement  
Lynn Bradley, Director of Corporate Programmes  
Fiona Kordiak, Director of Audit Services  
Mark Brough, Secretary & Business Manager  
Ronnie Nicol, Assistant Director Performance Audit Group [Items 9 and 10]  
Beth Hall, Portfolio Manager, Performance Audit Group [Item 9]  
Sarah Pollock, Project Manager, Performance Audit Group [Item 9]  
Barbara Hurst, Director of Performance Audit [Item 10]  
Angela Canning, Assistant Director Performance Audit Group [Item 10]  
Gordon Neill, Portfolio Manager, Best Value and Scrutiny Improvement Group [Item 11]  
David Pia, Consultant [Item 12]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 15 July 2010
4.	Minutes of meetings of the Commission in relation to the hearing on Shetland Islands Council – a) 28 and 29 June 2010 b) 30 June 2010 c) 15 July 2010 d) 3 August 2010 e) 11 August 2010
5.	Minutes of meeting of the Performance Audit Committee of 26 August 2010
6.	Minutes of meeting of the Financial Audit and Assurance Committee of 2 September 2010

7. Chair's introduction
8. Update report by the Controller of Audit
9. Draft performance audit report on Physical Recreation Services
10. The forward performance audit programme
11. Developing Best Value audits for Fire and Rescue Services
12. Review of Statutory Performance Indicators
13. Audit Scotland Financial and Performance Information – Quarter 1, April to June 2010
14. The Highland Council Best Value 2 pathfinder audit – follow-up meeting with Council leadership
15. Forward work programme
16. Report of the Independent Budget Review – briefing on issues of relevance to local government
17. Controller of Audit
18. Any other business

1. Apologies for absence

Apologies were received from Adrienne Kelbie, Colin Peebles and Douglas Sinclair (Deputy Chair).

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 15 July 2010

The minutes of the meeting of 15 July 2010 were submitted and approved.

4. Minutes of the meetings of the Commission in relation to the hearing on Shetland Islands Council

Minutes of the meetings of the Commission in relation to the hearing on Shetland Islands Council on 28 and 29 June, 30 June, 15 July, 3 August and 11 August were submitted and approved.

5. Minutes of the meeting of the Performance Audit Committee of 26 August 2010

The Commission noted the minutes of the meeting of the Performance Audit Committee of 24 August 2010.

6. Minutes of the meeting of the Financial Audit and Assurance Committee of 2 September 2010

The Commission noted the minutes of the meeting of the Financial Audit and Assurance Committee of 2 September 2010.

The Commission noted the Committee's recommendations on how the 2010 overview of local government should develop, and noted the current issues in councils to which the Committee had drawn its attention.

7. Chair's introduction

The Chair reported on—

- Changes to the management team structure at Audit Scotland.
- The publication of the Commission's findings following the hearing on Shetland Islands Council. A response to the findings is expected from the Council within three months. The Chair expressed the Commission's thanks to all staff involved in supporting the hearing.
- A Scottish Government consultation on guidance to be issued by Scottish Ministers on the duty of user focus under the Public Services Reform (Scotland) Act 2010. The Commission agreed, in view of the tight timetable for response, to authorise the Chair to prepare a response, and for that to be signed off by the Chair and Deputy Chair, and circulated to all members.
- In preparation for the expected appointment of new members from 1 November, the Commission agreed to a proposal from the Chair that Mike Ash should move from the Financial Audit and Assurance Committee to the Performance Audit Committee.

*[Action – Chair to prepare a response to Scottish Government consultation on the duty of user focus, and circulate to all members.]*

8. Update report by the Controller of Audit

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

- Progress in the annual audit cycle for councils and other related bodies.
- Recent relevant parliamentary business.
- The decision of the UK Government to disband the Audit Commission, and options for the future local government audit framework.

9. Draft performance audit report on Physical Recreation Services

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit report 'Physical recreation services in local government', prepared on behalf of the Commission.

During discussion, the Commission noted—

- That this audit provides an overview for the first time of the provision of physical recreation services.
- While objectives for these services have broadened and become more strategic, there is a lack of robust information about progress in meeting these objectives and limited monitoring of outcomes.
- Partnership working can be strengthened as can analysis of how different service models affect outcomes.
- Relationships between council services and other public and private sector provision vary across council areas.

The Commission agreed that, in finalising the report, the following should be considered—

- The extent to which the key features of different business models can be highlighted.
- The impact of the delivery of recreation services on environmental objectives.
- Strengthening comments on future financial sustainability.
- The feasibility of presenting data on the per capita cost of providing physical recreation services compared to other council services.
- The extent to which partnership activity that demonstrates the links between physical recreation services and preventive medicine and well-being objectives can be highlighted.

Subject to these issues being considered, the Commission approved the draft report for publication, and agreed that the key messages should be finalised accordingly.

*[Action – Director of Performance Audit to finalise the report in light of the agreements above.]*

10. The forward performance audit programme

The Commission considered a report by the Director of Performance Audit outlining how the future programme for performance audits has been developed so far this year as a rolling programme on behalf of the Commission and the Auditor General, and proposing audits to be prioritised for publication in 2011/12.

During discussion the Commission noted that Audit Scotland would, on its behalf, seek to engage with key stakeholders, including COSLA, throughout the programme.

The Director of Performance Audit explained that the audit of Community Planning Partnerships would examine work on economic development as a means to test the operation and governance of partnerships. This audit would use a similar methodology to the audit on Community Health Partnerships.

The Commission approved the forward performance audit programme. The Commission also agreed that in future years it would consult with other scrutiny bodies through the Local Government Scrutiny Co-ordination Strategic Group to ensure that the programme fits with wider identification of risks across the public sector.

11. Developing Best Value audits for Fire and Rescue Services

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on the development of Best Value audits for fire and rescue services.

During discussion of options, the Commission agreed that it wished to consider audit work that would provide appropriate benchmarking and service performance information, while minimising the scrutiny burden.

The Commission agreed that it would consult key stakeholders, including the Fire Brigades Union, on the options. In doing so, the Commission would indicate that it is minded to pursue the option of producing a single national audit report based on proportionate and targeted audit work at all eight authorities, supported by summary local audit reports with local conclusions and improvement recommendations. A report on the consultation would be submitted to the Commission in due course for its final decision on the approach to be adopted.

The Commission also agreed that Audit Scotland should consider further how appropriate expertise could be drawn upon to support the auditors on fire and rescue service performance assessment.

*[Actions –*

- *Chair to write to key stakeholders and hold meetings with conveners and chief fire officers*
- *Outcome of the consultation process to be submitted to the Commission meeting on 9 December – Director of Best Value and Scrutiny Improvement.]*

12. Review of Statutory Performance Indicators

The Commission considered a report by the Director of Best Value and Scrutiny Improvement reviewing the history of the Commission's use of its power to require the publication by councils of performance information, and considering options for the future exercise of that power.

During discussion, the Commission noted that—

- Its 2008 Direction aimed to support the increased focus on outcomes, reductions in scrutiny and reliance on robust self assessment by councils. It offered flexibility for councils and was intended to ensure a broad set of comprehensive information for local communities alongside a shorter list of specific comparable indicators.
- It has been supporting other work designed to improve the quality of performance information.
- The context has changed, with developments in scrutiny, auditing, and the central government approach to performance measurement.
- The local government community is currently engaged in a number of initiatives to improve performance information, including the development of local outcome indicators and a suite of benchmarking indicators covering costs and services.

The Commission agreed that, as the first year's data are not yet published, it is too soon to assess the impact of the 2008 Direction. The Commission agreed, therefore, that—

- Its 2010 Direction should continue with the approach set in 2008.
- The Direction should include a statement that the Commission wishes to encourage the local government community to implement and sustain the infrastructure that will be required to deliver an effective set of performance information for the public that meets the statutory expectations of comparability across councils and over time.
- Audit Scotland, in conjunction with the Chair and Deputy Chair, should continue discussions with the local government community to consider the actions needed to support this approach.
- A report on outturn information for 2009/10, the first year of data under the 2008 Direction, would be submitted to a later meeting.
- It would receive a detailed proposal for the 2010 Direction at a later meeting.

*[Actions –*

- *Report on data for 2009/10 to be submitted - Director of Best Value and Scrutiny Improvement*
- *Detailed proposal for the 2010 Direction to be submitted - Director of Best Value and Scrutiny Improvement*
- *Audit Scotland, in conjunction with the Chair and Deputy Chair, to continue discussions with the local government community - Director of Best Value and Scrutiny Improvement]*

13. Audit Scotland Financial and Performance Information – Quarter 1, April to June 2010

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 30 June 2010

14. The Highland Council Best Value 2 pathfinder audit – follow-up meeting with Council leadership

The Commission considered and noted a report of a follow-up meeting with the Highland Council on 24 August 2010. The Commission also noted The Highland Council's improvement plan which had been approved by the Council on 24 June 2010.

Following discussion the Commission agreed that the Chair should write to the Council with a copy of the report.

*[Action – Chair to write to the Council with a copy of the report of the meeting.]*

15. Forward work programme

The Commission considered a report by the Secretary and Business Manager highlighting the Commission's expected forward work programme.

The Commission agreed the proposed schedule of meetings for 2011, and agreed to hold a strategy seminar in spring 2011.

16. Report of the Independent Budget Review

The Commission received a briefing from Lynn Bradley, Director of Corporate Programmes, on key issues for local government arising from the report of the Independent Budget Review.

17. Controller of Audit

The Chair advised the Commission that Caroline Gardner would be taking up a 12-month secondment and had, therefore, intimated that she wished to step down from the position of Controller of Audit for the period until 30 September 2011.

The Commission considered a report tabled by the Chair on arrangements for the discharge of the function of Controller of Audit.

The Commission agreed to appoint Fraser McKinlay, Director of Best Value and Scrutiny Improvement, as Controller of Audit for the period 17 September 2010 to 30 September 2011, subject to the approval of the Scottish Ministers.

18. Any other business

The Chair noted that this was Iain Robertson's last meeting. On behalf of the Commission he thanked Iain for his contribution to the work of the Commission over seven years as a member, and wished him well in the future.

The Chair also paid tribute to the distinguished service which Caroline Gardner had given the Commission in her tenure as Controller of Audit, and wished her well in her secondment.