



Minutes

2004 - 2010

Minutes of the meeting of the Accounts Commission
held in the offices of Audit Scotland
at 18 George Street, Edinburgh, on
Thursday, 21 January 2010, at 10.30am

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

IN ATTENDANCE: Caroline Gardner, Deputy Auditor General and Controller of Audit
David Pia, Director of Public Reporting (Local Government)
Lynn Bradley, Director of Audit (Local Government)
Mark Brough, Secretary & Business Manager
Fiona Mitchell-Knight, Assistant Director, Audit Services [Item 7]
Martin Walker, Portfolio Manager (Best Value) [Item 7]
Gordon Smail, Portfolio Manager, Public Reporting (Local Government) [Item 8]
Mark McCabe, Best Value Performance Auditor [Item 8]
Ronnie Nicol, Assistant Director (Public Reporting) [Item 9]
Beth Hall, Portfolio Manager, Public Reporting (Local Government) [Item 9]
Nikki Bridle, Assistant Director (Public Reporting) [Items 11 and 13]
Antony Clark, Assistant Director (Public Reporting) [Items 10, 12 and 13]
Robert Black, Auditor General for Scotland [Item 14]
Barbara Hurst, Director of Public Reporting (Health & Central Government) [Item 14]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 9 December 2009
4.	Minutes of Performance Audit Committee of 16 December 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Shetland Islands Council Annual Audit 2008-09 follow-up work
8.	Overview of the local authority audits 2009
9.	Single Outcome Agreements and Public Performance Reporting
10.	Update on Best Value developments
11.	Local government scrutiny coordination update report
12.	Draft Housing (Scotland) Bill update report
13.	Consumer Focus Scotland draft annual plan 2010-11 consultations
14.	Auditor General – Presentation and discussion on <i>Scotland's Public Finances: Preparing for the Future</i>
15.	Any other business

1. Apologies for absence

There were no apologies.

2. Declarations of interest

Douglas Sinclair declared an interest in item 13 in his capacity as Chair of Consumer Focus Scotland and left the meeting when that item was reached.

3. Minutes of meeting of 9 December 2009

The minutes of the meeting of 9 December 2009 were submitted and approved.

4. Minutes of Performance Audit Committee meeting of 16 December 2009

The Commission noted the minutes of the meeting of the Performance Audit Committee of 16 December 2009, including a minor typing correction.

5. Chair's introduction

The Chair reported on—

- Submission of a response to the Scottish Government's consultation on specific equalities duties on public bodies.
- Progress of scrutiny in the Scottish Parliament of the Public Services Reform (Scotland) Bill.

[Action: Secretary and Business Manager to circulate response to equalities duties consultation to all members.]

6. Update report by the Controller of Audit

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

- Progress on plans for the 2010/11 audit year which, for the first time, will be prepared in the context of a Shared Risk Assessment for each council, conducted jointly with scrutiny partners.
- Parliamentary committees.
- Changes to the Director of Public Reporting post on the retirement of David Pia in Spring 2010.
- Audit Commission reports.

7. Shetland Islands Council Annual Audit 2008-09 follow-up work

The Commission considered and noted a report submitted by the Controller of Audit on proposed further audit work at Shetland Islands Council.

The Commission had requested the Controller of Audit to undertake further work following consideration at its meeting on 9 December 2009 of a report by the Controller of Audit on issues arising from the 2008/09 annual audit.

Following discussion, the Commission noted that it would be kept informed of progress and that the Controller of Audit would report further to it at its meeting in April or May 2010.

[Action: Controller of Audit to report to the meeting scheduled for 15 April or 13 May 2010.]

8. Overview of the Local Authority Audits 2009

The Commission considered the Controller of Audit's annual overview report on issues arising from the local authority audits.

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

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

9. Single Outcome Agreements and Public Performance Reporting

The Commission considered a report by the Director of Public Reporting (Local Government) on how Single Outcome Agreements (SOAs) and the changed approach to Statutory Performance Indicators (SPIs) are reflected in councils' approaches to public performance reporting and performance management. The report followed an earlier analysis of SOAs considered by the Commission in October 2009.

During discussion the Commission noted—

- the national arrangements for reporting performance on SOAs;
- the approaches being used by councils to report their performance locally, and the extent to which performance management systems are being used to support reporting;
- the comparatively limited availability and quality of baseline information and progress data to support reporting on outcome indicators;
- that SOAs are an important contribution to public performance reporting, but cannot be considered to be enough to meet Best Value requirements; and
- that the full impact on public performance reporting of the changed approach for the 2008 SPI Direction will not be known until summer 2010.

The Commission noted that the issues raised in this report were consistent with issues covered in its findings on the Overview of the Local Authority Audits 2009, and agreed that it would seek discussions with key local government stakeholders on these issues.

The Commission also noted that it would receive in the second half of 2010 proposals for the scope and timing of a previously-agreed wider review of SPIs and their contribution to performance reporting.

[Actions:

- *Chair/Secretary and Business Manager to instigate discussions with key stakeholders*
- *Director of Public Reporting (Local Government) to submit proposals for a wider review of SPIs.]*

10. Update on Best Value developments

The Commission considered a report by the Director of Public Reporting (Local Government) on Best Value developments.

During discussion the Commission noted—

- progress with five Best Value 2 pathfinder reports and a police Best Value audit report, which it would consider in due course;

- that it would consider an evaluation of the pathfinder audit approach in summer 2010 before considering any refinements to the approach and the subsequent roll-out of Best Value 2;
- that it would consider its approach to Best Value further at its forthcoming strategy seminar; and
- that it would consider a report on citizen-friendly Best Value 2 auditing at its next meeting.

[Action: Director of Public Reporting (Local Government) to submit a report on citizen-friendly Best Value 2 auditing to the meeting on 18 February 2010.]

11. Local Government scrutiny co-ordination update report

The Commission considered and noted a report by the Controller of Audit on developments in the scrutiny coordination work being undertaken under the Accounts Commission's gate-keeping role. The report included an update (dated 7 January 2010) to the Cabinet Secretary for Finance and Sustainable Growth, a draft Joint Code of Practice and key milestones document.

During discussion the Commission noted—

- reports of meetings of the Scrutiny Improvement Programme Board on 7 December 2009 and of the Strategic Group on 17 December 2009;
- that developments are progressing on the agreed timescales;
- the establishment of Local Area Networks bringing together scrutiny contacts for each of the 32 council areas, and development towards production of a local Assurance and Improvement Plan for each area;
- that the draft Joint Code of Practice will provide the governance framework for scrutiny improvement work in future;
- that the work plan setting out the key medium-term development priorities is being updated
- that independent evaluation of shared risk assessments will be carried out in summer 2010 and reported to the Commission in due course;
- the importance of communicating the work and its impact to councils and citizens, and that the involvement of COSLA and SOLACE as observers in the Strategic Group was very helpful in this regard.

The Commission requested further information on the role of the Systematic Scrutiny Check (SSC).

[Action: Controller of Audit to include further information on the Systematic Scrutiny Check (SSC) in the next update to the Commission.]

12. Draft Housing (Scotland) Bill – update report

The Commission considered a report by the Controller of Audit updating the Commission on the progress of the Scottish Government's Housing (Scotland) Bill.

During discussion the Commission noted—

- the different views expressed during the consultation on the draft Bill on the role of the Scottish Housing Regulator (SHR);
- the role of the Commission and Best Value audits in relation to council services;
- the likely requirement on the SHR to consult the Commission on the performance of its functions of inspection and regulation of local authority landlords and homelessness services;

- the expectation that the SHR and the Commission would agree a Memorandum of Understanding on the interaction of their respective roles.

The Commission noted the timetable for parliamentary scrutiny of the Bill and agreed to receive further updates as appropriate, particularly on working in co-operation with the SHR and how this relates to wider scrutiny improvement and co-ordination developments.

[Action: Controller of Audit to provide further updates as appropriate.]

13. Consumer Focus Draft Annual Plan 2010-11 for Consultation

The Commission considered a report by the Controller of Audit on Consumer Focus Scotland's consultation on its proposed work programme for 2010-11.

The Commission noted three areas of the work of Consumer Focus which are of particular interest to it—

- understanding the consumer experience of public services;
- how well scrutiny bodies are performing on user focus;
- the consumer perspective on public sector performance reporting.

The Commission agreed to respond to the consultation by—

- supporting the emphasis of the proposed work programme;
- highlighting the three proposed workstreams which overlap with its interests;
- offering to support Consumer Focus in relation to these, particularly scrutiny bodies' performance on user focus;

and authorised the Chair to finalise and submit a response on its behalf.

[Action: Controller of Audit to draft a formal response for approval by the Chair to be submitted by 9 February 2010.]

14. Auditor General – presentation and discussion on 'Scotland's Public Finances: Preparing for the future'

The Commission received a presentation from the Auditor General for Scotland on his report '*Scotland's Public Finances: Preparing for the future*', published in November 2009.

The presentation covered—

- the background to, and purpose of, the report;
- the scale of the expected pressures on public finances;
- how the report has been received;
- the challenges posed by the financial context for all those charged with the management and scrutiny of public finances (including the Scottish Government, public bodies, the Parliament and audit agencies).

During discussion the Commission considered, in particular, how the issues raised in the report would affect its priorities and influence the way in which it could demonstrate leadership in ensuring accountability and supporting improvement. The Commission thanked the Auditor General and his team for their presentation and agreed to consider these issues further at its forthcoming strategy seminar.

15. Any other business

The following points were noted—

- The dates for the Commission's strategy seminar had been confirmed as 1 and 2 March 2010.
- The Commission and Her Majesty's Inspector of Constabulary had offered to arrange a follow-up meeting with representatives of Tayside joint police board on the recent findings on the Best Value audit.

APPENDIX

Accounts Commission Findings

Overview of the local authority audits 2009

Each year the Accounts Commission asks the Controller of Audit to produce an overview report on issues arising from local authority audits. The Commission has considered the report for 2009.

The Commission notes the relatively stable financial position in 2008/09 and the commitment which has gone into significant trading operations to make more of them profitable. We welcome evidence of sound accounting performance, with almost all councils achieving clean audit certificates on their financial statements. The Commission also acknowledges and welcomes the substantial commitment that councils have made in responding to their Best Value duty to secure continuous improvement.

The Commission welcomes evidence of areas in which councils are providing good quality outcomes for citizens – for example, in targeting care services more effectively to meet needs, and in working well with local partners to deliver aspects of addiction services. We also welcome the serious consideration of shared services development in a significant number of councils.

These are positive developments. Councils, however, must focus on the scale of the challenge ahead. More progress is still needed on many of the findings the Commission made on the 2008 overview report. Councils need to improve the way they assess how they are contributing to outcomes that meet the distinct needs of their communities. The Commission acknowledges the investment in developing single outcome agreements, although this has served to re-emphasise the need for significant improvement in performance management and reporting.

The impact of the recession - reduced income and increased demand for some council services - has already started to materialise in the period covered by this year's report. But, as councils are aware, the future budget position is expected to be substantially more difficult and an urgent response is required.

Projections made at the time of the last UK budget in April 2009 show real terms reductions in the Scottish budget of between seven and 13 per cent between 2009/10 and 2013/14. While definitive figures must await future spending review outcomes, subsequent estimates indicate that the outlook may, if anything, be even more difficult. Councils, therefore, need to prepare now to deal with the extremely challenging combination of increased demand and reduced resources. Incremental approaches to achieving savings and efficiencies cannot be expected to be sufficient to address this.

The scale of the budget challenge demands radical thinking about service design. Councils need to continue to think, urgently and radically, about services - what they are delivering, how they are meeting needs and what are the most effective and efficient ways to deliver them. Elected members and senior officers have difficult decisions to make on the allocation of resources. At the heart of this decision-making should be robust options appraisal and effective scrutiny. This means that members and officers must have accurate and relevant information.

Councils, therefore, urgently need to ensure that they have comprehensive baseline data on service outcomes and costs and are able to integrate this within performance management systems. In doing so, we urge councils to examine and draw on evidence of service

improvement and good practice. More effective workforce planning and management, and further progress on asset management and procurement, are also essential.

This year's report also shows that there is still considerable room to standardise, simplify and streamline services. There is scope for progress on shared services, but equally for simplifying and standardising common processes within and across the 32 councils so that they can demonstrate to their taxpayers that they are delivering value for money.

We look forward to working with the local government community to take forward the issues in these findings.

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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.

ACCOUNTS COMMISSION

MEETING 15 APRIL 2010

MINUTES OF PREVIOUS MEETING

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

PRESENT: John Baillie (Chair)
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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.

ACCOUNTS COMMISSION

MEETING 13 MAY 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, 15 April 2010, at 10.00am

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

IN ATTENDANCE: Caroline Gardner, Controller of Audit and Deputy Auditor General
Fraser McKinlay, Director of Best Value and Scrutiny Improvement
Mark Brough, Secretary & Business Manager
Barbara Hurst, Director of Performance Audit [Item 7]
Antony Clark, Assistant Director, Best Value and Scrutiny
Improvement [Items 9 and 11]
Paul Reilly, Project Manager, Best Value Improvement Team [Item 9]
Cathie Wylie, Henderson Loggie, Appointed Auditor [Item 9]
Peter Worsdale, Best Value Performance Auditor [Item 10]
Fiona Mitchell-Knight, Assistant Director of Audit Services, Local
Government [Item 11]
Fiona Selkirk, Best Value Performance Auditor [Item 11]
Martin Walker, Portfolio Manager, Best Value [Item 11]
Dave Beveridge, Senior Manager, Audit Strategy and NFI [Items 12
and 13]
Russell Frith, Director of Audit Strategy [Items 12 and 13]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 18 March 2010
4.	Minutes of meeting of the Financial Audit and Assurance Committee of 11 March 2010
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Performance Audit Studies Programme
8.	Local government scrutiny co-ordination update
9.	Angus Council – Best Value 2 Pathfinder Audit

10. Scottish Borders Council - Best Value 2 Pathfinder Audit
11. The Highland Council – Best Value 2 Pathfinder Audit
12. Audit Scotland quality framework
13. Draft report on the National Fraud Initiative in Scotland 2008/09
14. Tayside Police and Joint Police Board Best Value Audit and Inspection – Action Plan
15. Any other business

1. Apologies for absence

Apologies were received from Colin Duncan.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 18 March 2010

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

4. Minutes of the meeting of the Financial Audit and Assurance Committee of 11 March 2010

The Commission noted the minutes of the meeting of the Financial Audit and Assurance Committee of 11 March 2010. The Commission noted that the Committee had requested that proposals be brought forward for revision of its remit.

5. Chair's introduction

The Chair reported on—

- the publication of reports on which findings were agreed at the last meeting (Dundee City Council, East Ayrshire Council and Northern Joint Police Board) on 30 March, 1 April and 7 April respectively;
- his attendance at the Scottish Policing Board on 12 April to discuss issues raised in police Best Value reports to date;
- an invitation for the Commission to give evidence to the Parliament's Local Government and Communities Committee on 5 May in a session on the *Overview of local government in Scotland 2009*;
- a submission made by Audit Scotland jointly on behalf of the Commission and the Auditor General to the Scottish Parliament Finance Committee's inquiry on public services efficiency;
- a similar joint response to the Independent Budget Review established by the Scottish Government;
- a request from the Parliament's Public Audit Committee for a note on the Commission's role and functions; and
- media comment mentioning the Commission in connection with some high profile issues.

[*Actions—*

Note on the Commission's role and functions to be prepared for the Public Audit Committee – Secretary and Business Manager;

Submission to the Independent Budget Review to be circulated to members for information - Secretary and Business Manager]

6. Update report by the Controller of Audit

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

- issues arising from local government audits;
- relevant Scottish Parliament committee activity; and
- Audit Commission reports.

Following discussion, the Commission agreed that—

- further consideration should be given to the means of supplementing for the Commission the information on current issues which is provided at present to the Financial Audit and Assurance Committee; and
- it would be helpful to consider again the Commission's previous work on *Following the Public Pound*.

[Actions—

Methods of providing information on current issues to be considered – Secretary and Business Manager;

Report on Following the Public Pound to be circulated to members for information - Secretary and Business Manager]

7. Performance Audit Studies Programme

The Commission considered a report by the Director of Performance Audit on arrangements for reviewing the performance audit studies programme.

Following discussion, the Commission agreed—

- the terms of strategic themes which would form the basis for developing performance audit proposals; and
- that the programme would be developed further by means of an internal workshop with the Auditor General on 22 April; a workshop with external stakeholders on 13 May; and consideration and agreement of final proposals for a joint programme by the Commission and the Auditor General at a subsequent meeting.

8. Local government scrutiny co-ordination update report

The Commission considered a 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's gate-keeping role.

During discussion the Commission noted—

- that, following a meeting of the strategic group on 17 March, a revised draft workplan would be prepared for the next meeting of the group on 12 May;
- a proposal by the Scrutiny Improvement Programme Board at its meeting on 29 March for a scrutiny improvement seminar to be held in June;

- the key milestones and timetable for the national risk assessment round table discussion, the joint resourcing and scheduling review of the draft national scrutiny schedule, and the publication of the national schedule and 32 Assurance and Improvement Plans.

The Commission agreed that it would consider progress in detail at its meeting on 17 June, and that publication of the national schedule and Assurance and Improvement Plans should be at the end of June.

9. Angus Council – Best Value 2 Pathfinder Audit

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

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

The Commission thanked the appointed auditor and other staff for their work and for assisting the Commission's consideration of the report.

10. Scottish Borders Council – Best Value 2 Pathfinder Audit

The Commission considered a report by the Controller of Audit on the Best Value 2 pathfinder audit of Scottish Borders 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.

11. The Highland Council - Best Value 2 Pathfinder Audits

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

12. Audit Scotland Corporate Quality Framework

The Commission considered a report by the Director of Audit Strategy on the new Corporate Quality Framework and proposals for revised reporting arrangements on quality.

The Commission noted that issues of audit quality are considered by the Audit Scotland Board and its Audit Committee, and are also of interest to the Commission and the Auditor General in their roles as appointers of auditors. The Commission's committees also have an interest. The Commission also noted the arrangements for including external review of audit quality

Following discussion, the Commission—

- noted the Audit Scotland Corporate Quality Framework;
- agreed that the annual quality report would be considered by the Commission's committees and then the Commission itself, as appropriate; and
- that any particular exceptional issues relating to audit quality could be reported to the Chair of the Commission without waiting for the annual report cycle.

13. National Fraud Initiative (NFI) – 2008/09 Exercise

The Commission considered a report by the Director of Audit Strategy on the 2008/09 National Fraud Initiative, carried out by Audit Scotland in partnership with the Audit Commission.

During discussion, the Commission noted that the final outcomes identified by this exercise had been revised upwards to £21.1 million, and that this third exercise had been the most successful to date.

The Commission agreed to support a proposal that the report should name councils in which auditors considered the arrangements for NFI to be below expectations.

14. Tayside Police and Joint Police Board Best Value Audit and Inspection – Action Plan

The Commission noted an action plan provided by Tayside Joint Police Board following the Best Value audit and inspection of Tayside Police and Joint Police Board.

15. Any other business

No other business was intimated.

The Chair expressed the Commission's congratulations and good wishes to Audit Scotland and its staff on achieving recognition as number 52 on the *Sunday Times* list of 75 Best Places to Work in the Public Sector in the UK.

The next meeting of the Commission will be on Thursday 13 May at Audit Scotland's offices at 18 George Street.

Appendix 1

Accounts Commission findings

Angus Council – Best Value 2 pathfinder audit

The Accounts Commission accepts this report from the Controller of Audit on Angus 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 that its prospects for future improvement are fair.

The Commission gratefully acknowledges the co-operation provided to the audit team by the 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's services are generally of a good quality and are well regarded by the local community. The Council has stated a clear ambition for its area and is making progress with its partners towards local strategic outcomes.

We welcome the Council's commitment to improvement. However, there is a gap between the Council's improvement ambitions and its capacity to achieve them. Weaknesses in corporate processes mean that it is not able to demonstrate consistent and continuous improvement in its services. In general, progress against many of the recommendations made to the Council in the 2004 Best Value audit has been disappointing. There are welcome signs that the pace is now picking up, and this now needs to progress as quickly as possible.

The Council does not have a coherent corporate approach to identifying and prioritising improvement actions based on comprehensive performance data. This inhibits its ability to make clear decisions on service improvement and demonstrate how and where it is improving. It needs to deliver on its commitment to develop systems to give good quality service performance information, so that it can move from incremental individual service-based improvements to demonstrating and managing consistent all-round improvement.

We welcome evidence of consultation, but more work needs to be done by the Council on community engagement. There are weaknesses in the available information on service performance and citizen and customer satisfaction. These mean that elected members lack the necessary performance management data and robust options appraisal which would allow them to ensure that the Council delivers value for money for local citizens. It is essential that the Council properly develops this corporate capacity if it is to be able to sustain good services under the challenge of increasing budget pressures.

The requirements of effective scrutiny do not appear to be sufficiently well understood. This limits the Council's ability to focus leadership on delivering key priorities. The lack of progress since 2004 on establishing independent scrutiny of the authority's performance is particularly disappointing. The newly-formed Scrutiny and Audit Subcommittee is chaired by the leader of the Council, which cannot be regarded as good practice.

Elected members also need to develop their ability to work together in a constructive way to provide strong strategic leadership, and to challenge and hold officers to account. The Council's political leadership and senior management need to work together to ensure that the information systems, processes and governance structures are in place to ensure robust and transparent challenge of officers by members.

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

Appendix 2

Accounts Commission findings

Scottish Borders Council – Best Value 2 pathfinder audit

The Accounts Commission accepts this report from the Controller of Audit on Scottish Borders 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 that it 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 benefits from strong political and management leadership, and has effective governance. The Council delivers services which are generally of good quality, have improved in recent years and are well-regarded by the local community. The Commission particularly welcomes evidence of good and improving service delivery within social work and education services.

The Council works well with its partners and we welcome evidence of effective collaboration on services such as health improvement, jointly-provided social care, community safety and child protection. This effective partnership working is achieving good outcomes for the local community. We welcome particular notable examples of partnership working such as the co-location of services in Peebles and the equalities and diversity officer jointly funded with NHS Borders. The Council is working more closely on shared services with other authorities in the east of Scotland, but this is still at the planning stages and has not yet had a significant effect on service delivery.

The Council has a good awareness of its own capacity and need for improvement, and has set out a clear strategic direction. It has a coherent business transformation programme, although progress against it has been slower than anticipated. We also note that progress has been slow on improvement on some important areas highlighted in the 2007 Best Value audit of the Council, such as regulatory and technical services, roads and asset management. The Council needs to ensure that it has the capacity to deliver its programme.

The Commission particularly welcomes the Council's simplified staff grading system, which will potentially increase opportunities for more flexible working and development. Workforce planning and staff appraisal do, however, need to be further developed and applied across the organisation.

We would urge the Council to ensure that it develops fully the mechanisms for testing and scrutinising value for money across its services, and its capacity to present robust options appraisal. It has set a very challenging efficiency savings target, and its processes for managing performance need to become firmly established to support the delivery of this target.

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

Appendix 3

Accounts Commission findings

The Highland Council – Best Value 2 pathfinder audit

The Accounts Commission accepts this report from the Controller of Audit on The Highland 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 that it is well placed to deliver future improvement.

The Commission gratefully acknowledges the co-operation provided to the audit team by the 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 benefits from strong political and managerial leadership. We particularly welcome evidence that elected members now provide a clear and consistent community leadership and strategic direction, combining concern for local issues with a shared ambition around the significant issues for the community as a whole. The Commission welcomes the fact that changes to committee structures and managerial arrangements have allowed this leadership to improve over recent years through a period of electoral change.

The Council is strongly focused on issues which matter to local people, is generally delivering good quality services, and is making progress with its partners in delivering improved outcomes which meet the needs of its diverse communities. Overall there are high and improving levels of customer and citizen satisfaction with its services. Some improvement is required in areas such as adult social work and management of housing rent arrears.

The Council works well with its partners at a strategic level. The Commission welcomes the evidence of effective partnerships and the active engagement and community leadership exercised by elected members and senior managers in a variety of structures.

The Commission welcomes evidence that the Council has made tangible progress on areas of improvement identified in the first Best Value audit in 2006. A culture of continuous improvement has developed and deepened, and the Council now has a clear awareness of its improvement needs based on feedback from communities.

We welcome the evidence that the Council is aware of, and working on, the challenges for its future financial planning. We encourage the Council now to improve its performance management capacity and ensure that it has effective mechanisms to test value for money and provide robust options appraisal. This is essential to allow the most effective decision-making by elected members when budgets are under increasing pressure. We also recommend that the Council should seek to improve its communication with the public specifically on how it demonstrates value for money in its activities.

We urge the Council to make progress as a matter of urgency on its review of pay, terms and conditions and to resolve continuing legacy issues from former district and regional council structures. These have been outstanding for some years and present a significant financial and staff morale risk. We also recommend that the Council continues to develop its staff management processes – for example, by ensuring that absence management and recruitment processes are integrated in the HR system.

The issues identified in this report will inform the Assurance and Improvement Plan for scrutiny of The Highland Council over the next three years. Local audit and inspection teams will continue to monitor progress. The Commission notes the action taken by the Council on issues relating to Caithness Heat and Power, and expects to consider a report on this separately.

ACCOUNTS COMMISSION

MEETING 17 JUNE 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, 13 May 2010, at 10.30am

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

IN ATTENDANCE: Caroline Gardner, Controller of Audit and Deputy Auditor General
Fraser McKinlay, Director of Best Value and Scrutiny Improvement
Lynn Bradley, Director of Audit Services (Local Government)
Mark Brough, Secretary & Business Manager
Fiona Mitchell-Knight, Assistant Director, Audit Services (Local Government) [Item 7]
Martin Walker, Portfolio Manager (Best Value) [Items 7 and 8]
Carol Hislop, Audit Manager, Audit Services (Local Government) [Item 7]
Russell Frith, Director of Audit Strategy [Item 9]
Lorna Meahan, Assistant Director Audit Services (Central Government) (Chair of the Diversity and Equality Steering Group) [Item10]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 15 April 2010
4.	Minutes of meeting of the Performance Audit Committee of 22 April 2010
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Shetland Islands Council – Report by the Controller of Audit
8.	West Dunbartonshire Council update on Best Value Progress Report – follow-up meeting with Council leadership
9.	Audit Scotland medium term financial planning
10.	Accounts Commission Equality Annual Review 2009/10
11.	Local government scrutiny co-ordination update
12.	Accounts Commission Annual Report 2009/10
13.	The Public Services Reform (Scotland) Act 2010
14.	Strategy seminar 2010
15.	Any other business

1. Apologies for absence

There were no apologies.

2. Declarations of interest

Christine May declared an interest in relation to Item 10 as Joint Chair of FRAE Five (Fairness, Race, Awareness and Equality).

3. Minutes of meeting of 15 April 2010

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

4. Minutes of meeting of the Performance Audit Committee of 22 April 2010

The Commission noted the minutes of the meeting of the Performance Audit Committee of 22 April 2010. The Commission noted the action point under Item 8 – Drug and Alcohol Services Study – and agreed the recommendation that it should write to councils (and, jointly with the Auditor General, to Scottish Ministers) to remind them of the recommendations and encourage consistent implementation.

[Actions – Chair to write to councils and to consider, jointly with the Auditor General, writing to Scottish Ministers.]

5. Chair's introduction

The Chair reported on—

- The publication of the Best Value 2 Pathfinder audits of Angus, Highland and Scottish Borders Councils on 12, 13 and 19 May respectively;
- A joint workshop with the Auditor General on 22 April on the review of the performance audit programme, and plans for the further workshop with stakeholders on the afternoon of 13 May;
- An evidence session on the Overview of Local Authority Audits 2009 to the Parliament's Local Government and Communities Committee on 5 May;
- A meeting with the Improvement Service on 5 May;
- The Scottish Government's process for recruitment of new Accounts Commission members over the summer.

6. 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 audit issues
- Relevant Scottish Parliament committee activity

Following discussion, the Commission noted that-

A report on further audit work by the appointed auditor (KPMG) at Strathclyde Partnership for Transport will be submitted at a future meeting;

A report on further audit work in relation to The Highland Council regarding the Caithness Heat and Power project is expected to be submitted to the Commission at its June meeting;

Consideration is being given to reviewing and, if necessary, refreshing the *Code of Guidance on Funding External Bodies and Following the Public Pound*, originally published jointly by the Accounts Commission and COSLA in 1996.

[*Actions –*

- *Reports on follow-up audit work at Strathclyde Partnership for Transport and Caithness Heat and Power project to be submitted to future meetings – Controller of Audit;*
- *Controller of Audit to report to the Commission in due course on any further action on the Code of Guidance on Funding External Bodies and Following the Public Pound.]*

7. Shetland Islands Council – Report by the Controller of Audit

The Commission considered a report by the Controller of Audit on further audit work on Shetland Islands Council as requested in December 2009.

The Commission agreed to accept the Controller of Audit's report. In light of the nature of the issues covered in the report, the Commission agreed to hold a hearing and remitted to the Chair and Secretary and Business Manager to make the necessary arrangements.

The Commission agreed that the hearing would be conducted in public and, after taking evidence, would adjourn and reconvene at a later time in private for the Commission to consider its findings. The Commission agreed to delegate to the Chair authority to decide any matters in relation to expenses for persons appearing at the hearing or attending it for the purpose of giving evidence or producing documents.

[*Actions – Chair and secretary and Business Manager to make arrangements for a hearing.]*

8. West Dunbartonshire Council update on Best Value Progress Report – follow-up meeting with Council leadership

The Commission considered and noted a report of a meeting between Commission members and representatives of the leadership of West Dunbartonshire Council on 15 April.

Following discussion the Commission agreed that the Chair should write to the Council with a copy of the report and highlight key points on which progress should be made. The Commission noted that the appointed auditor would continue to monitor the situation at the Council closely, and further reports could be brought to the Commission if necessary.

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

9. Audit Scotland medium term financial planning

The Commission considered a report by the Director of Audit Strategy on Audit Scotland's approach to its medium term financial planning and fee setting.

Following discussion, the Commission approved the approach outlined in the report and noted that proposals for fees for local authority 2010/11 audits for will be submitted to the Commission in due course.

10. Accounts Commission Equality Annual Review 2009/10

The Commission considered and approved a Draft Equality Annual Review for the year to 31 March 2010, and noted that it would be linked to the Audit Scotland review and published electronically.

11. Local Government scrutiny co-ordination update report

The Commission considered a 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's gate-keeping role.

During discussion the Commission noted—

- the continuing work to finalise the local Assurance and Improvement Plans and to complete the National Risk Assessment process;
- that the Controller of Audit would meet with Scottish Government officials shortly to discuss progress.

12. Accounts Commission Annual Report 2009/10

The Commission considered a draft Annual Report for the year to 31 March 2010 and agreed that, provided that there are no significant practical difficulties, the report should be published separately from the Audit Scotland Annual Report. The Commission also agreed that consideration should be given to the report including information on the costs associated with the Commission.

13. Public Services Reform (Scotland) Act 2010

The Commission considered and noted a report by the Secretary and Business Manager on the implications for it of the Public Services Reform (Scotland) Act 2010.

Following discussion the Commission agreed that—

- the commencement of relevant provisions would be monitored by the Secretary and Business Manager;
- further reports and options would be brought to the Commission in due course on any specific matters on which action might be required;
- the implications of revised governance arrangements for the relationship between the Commission and the Audit Scotland board would be considered and reported to the Commission.

[Action – Further updates to be provided as appropriate on the implications of specific duties – Secretary and Business Manager.]

14. Strategy Seminar 2010

The Commission considered a report by the Secretary and Business Manager summarising the issues discussed at, and action points arising from, its strategy seminar.

Following discussion, the Commission agreed the terms of the Commission's development objectives arising from the seminar. The Commission authorised the Secretary to work with Audit Scotland to bring forward a framework under which progress against these objectives can be monitored, and agreed an approach to considering the action points arising from the objectives.

15. Any other business

No other business was intimated.

The next meeting of the Commission will be on Thursday 17 June at Audit Scotland's offices at 18 George Street.

ACCOUNTS COMMISSION

MEETING 15 JULY 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, 17 June 2010, at 10.00am

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

IN ATTENDANCE: Fraser McKinlay, Director of Best Value and Scrutiny Improvement
Lynn Bradley, Director of Audit Services (Local Government)
Mark Brough, Secretary & Business Manager
Fiona Mitchell-Knight, Assistant Director, Audit Services (Local Government) [Item 7]
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 7]
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement [Items 8, 10 and 11]
Lesley McGiffen, Portfolio Manager, Best Value and Scrutiny Improvement [Items 8 and 9]
Asif Haseeb, Senior Audit Manager, Audit Services [Item 8]
Paul Reilly, Project Manager, Best Value and Scrutiny Improvement [Item 8]
Ronnie Nicol, Assistant Director, Performance Audit Group [Item 9]
Cathy McGregor, Project Manager, Performance Audit Group [Item 9]
Mark Diffley and Sara Davidson, Ipsos-MORI Scotland [Item 10a]
Carol Calder, Portfolio Manager, Best Value and Scrutiny Improvement [Item 11]
Ian Metcalfe, Project Officer, Best Value and Scrutiny Improvement [Item 11]
Russell Frith, Director of Audit Strategy [Items 12-14]
John Gilchrist, Manager, Audit Strategy [Item 12]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 13 May 2010
4.	Minutes of meeting of the Financial Audit and Assurance Committee of 27 May 2010
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	The Highland Council, Caithness Heat and Power project – Report by the Controller of Audit
8.	South Ayrshire Council - Best Value follow-up report
9.	Getting it right for children in residential care – draft performance audit report
10.	Evaluation of the Best Value 2 pathfinder audits <ul style="list-style-type: none"> a) Ipsos/MORI Scotland evaluation report b) Developing the Best Value 2 audit
11.	Local government scrutiny co-ordination – Draft National Scrutiny Plan
12.	Annual Report on audit quality
13.	Audit appointments – procurement strategy
14.	Revised Code of Audit Practice
15.	Audit Scotland Financial and Performance Information - Quarter 4, January to March 2010
16.	Any other business

1. Apologies for absence

Apologies were received from Linda Pollock.

2. Declarations of interest

Colin Duncan declared an interest in relation to Item 8 in respect of having professional contacts with a number of elected members of South Ayrshire Council and left the meeting during consideration of that Item.

3. Minutes of meeting of 13 May 2010

The minutes of the meeting of 13 May 2010 were submitted and approved.

4. Minutes of meeting of the Financial Audit and Assurance Committee of 27 May 2010

The Commission noted the minutes of the meeting of the Financial Audit and Assurance Committee of 27 May 2010.

The Commission noted the general update on current issues in councils presented to the Committee.

The Commission noted the decision at Item 10 to recommend that it agrees to modify the remit of the Committee, and agreed that the remit should be modified as proposed.

5. Chair's introduction

The Chair reported on—

- Arrangements for the Commission's hearing on Shetland Islands Council on 28 and 29 June; and
- Attendance by Colin Peebles at the ACPOS conference on behalf of the Commission.

6. 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 audit issues; and
- Relevant Scottish Parliament committee activity.

Following discussion, the Commission noted that-

- A report on further audit work by the appointed auditor (KPMG) at Strathclyde Partnership for Transport is expected to be submitted to a future meeting;
- A report by the Auditor General on The Gathering 2009 Ltd would be published on 23 June and the involvement of audited bodies under the Commission's jurisdiction as creditors of the company would be monitored by local auditors; and
- The UK Government had announced that it would abolish the Comprehensive Area Assessment, which brought together the work of various local service inspectorates in England.

[Action – Report on follow-up audit work at Strathclyde Partnership for Transport to be submitted to a future meeting – Controller of Audit]

7. The Highland Council, Caithness Heat and Power project – Report by the Controller of Audit

The Commission considered a report by the Controller of Audit on The Highland Council in respect of the Caithness Heat and Power project.

In light of the issues raised in the report, the Commission agreed to direct the Controller of Audit to carry out further investigations.

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

[Action –Controller of Audit to carry out further investigations and report to the Commission at a future meeting]

8. South Ayrshire Council - Best Value follow-up report

The Commission considered a report by the Controller of Audit on a Best Value follow-up audit of South Ayrshire Council.

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

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

9. Getting it right for children in residential care – draft performance audit report

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit report 'Getting it right for children in residential care', prepared on behalf of the Commission and the Auditor General.

During discussion, the Commission noted a number of ways in which key issues in the report might be highlighted to maximise the emphasis on the outcomes for children and the most effective use of resources. The Commission congratulated the audit team and approved the draft report. The Commission also noted arrangements for publication of the report and agreed that the key messages document, previously considered by the Performance Audit Committee, should be revised to reflect the content of the final report.

The Commission agreed to remit to its sponsors of the performance audit to consider any final amendments, and to consider organising a seminar for key stakeholders in order to promote the recommendations of the report.

[Action – sponsors of the performance audit to consider final amendments and options for promoting the report's recommendations.]

10. Evaluation of the Best Value 2 pathfinder audits

a) Ipsos-MORI Scotland evaluation report

The Commission considered a research report by Ipsos-MORI Scotland reviewing stakeholders' experience of the Best Value 2 pathfinder audits. During discussion, the Commission considered a number of the issues highlighted by the report and its recommendations. The Commission thanked Ipsos-MORI Scotland for its work and noted that it would consider during subsequent discussions how the report would be used in the future development of Best Value 2.

b) Developing the Best Value 2 audit

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on the development of the Best Value 2 approach.

Following discussion, the Commission—

- Agreed that peer involvement in the audits should continue, and that the role and selection of peers should remain flexible but be explained as fully as possible to audited bodies;
- Agreed in principle that summary-style reports should be produced in addition to full reports;
- Agreed that reports should seek to simplify language and use a consistent layout wherever possible;
- Agreed that reports should include information to allow understanding of service performance, so far as possible consistent with the audits being proportionate and risk-based;

- Considered the wording and definition of the two judgements used in the pathfinder audits, and the scale against which judgements were made, and agreed—
 - That the wording of the judgements should seek to give public assurance on an authority's improvement over the whole period since previous best value audits, and on its capacity to improve further against the characteristics of a best value authority; and
 - That consideration should be given to how the wording, definition and scale of the judgements might be aligned with those used by other local government inspectorates.

The Commission agreed to consider at its next meeting further proposals for the development of Best Value 2 based on this discussion.

[Action – further proposals for the development of Best Value 2 to be submitted to the next meeting – Director of Best Value and Scrutiny Improvement.]

11. Local Government scrutiny co-ordination update – Draft National Scrutiny Plan

The Commission considered a draft National Scrutiny Plan and commentary which had been prepared through the scrutiny co-ordination work which is being carried out under the Accounts Commission's gate-keeping role.

During discussion the Commission sought clarification on a number of issues relating to the presentation of scrutiny activity in the Plan and commentary. The Commission noted that the Plan and the local Assurance and Improvement Plans would be published on 1 July and that, to accompany the publication, the Chair would write to the Scottish Government to explain the Commission's discharge of the gate-keeping role.

The Commission agreed that, for clarity, the Plan should be described as the National Scrutiny Plan for Local Government. The Commission also agreed to remit to the Chair and Deputy Chair to consider further arrangements for the presentation and publication of the Plan and the local Assurance and Improvement Plans.

12. Annual Report on audit quality

The Commission considered and noted a report by the Director of Audit Strategy and the 2009/10 audit quality annual report, which summarises the arrangements for maintaining a high quality of work by Audit Scotland and the appointed firms for the services provided to the Accounts Commission and the Auditor General.

13. Audit appointments – procurement strategy

The Commission considered a report by the Director of Audit Strategy on key aspects of the draft strategy for making new audit appointments, jointly with the Auditor General, following the completion of the 2010/11 audits.

Following discussion, the Commission approved the approach outlined in the report, subject to clarification of whether the agreed method of determining annual revisions in the contract price paid to appointed firms (a link to the annual Audit Scotland pay scale uplift) could result in downward as well as upward movement.

[Action – Director of Audit Strategy to clarify the effect of linking contracts to the Audit Scotland pay scale uplift.]

14. Revised Code of Audit Practice

The Commission considered and noted a report by the Director of Audit Strategy on a draft revised Code of Audit Practice, which is being prepared for consultation prior to being included in the tender documents for new audit appointments. The Commission approved the draft, subject to a minor draft change being made.

15. Audit Scotland Financial and Performance Information - Quarter 4, January to March 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 31 March 2010.

16. Any other business

No other business was intimated.

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

South Ayrshire Council – Best Value Follow-up Report

When it considered the original Best Value audit carried out on South Ayrshire Council in March 2009, the Accounts Commission acknowledged that some services were performing well. We expressed concern, however, that the Council had made limited progress towards delivering best value. We found that it faced severe financial pressures which posed significant risks and which made it more challenging for the Council to make the improvements needed.

In making its findings, the Commission decided to require a further report from the Controller of Audit on the position of the Council as at March 2010, and accepts this follow-up report as fulfilling that requirement. We gratefully acknowledge the co-operation and assistance given to the audit process by the Council.

The Commission is pleased that the Council has responded positively to our findings in 2009, and very much welcomes the good progress that the Council has made in addressing many of the areas of concern which we identified and the substantial improvement agenda it faced. The Commission particularly welcomes evidence that many of the elements of best value are now in place; that a culture of continuous improvement is developing throughout the Council; and that financial stability has improved and a medium-term financial strategy been developed.

We are encouraged that the Council has taken a comprehensive approach to improvement, and that it has shown an openness and commitment to seeking and making use of external support and challenge.

We acknowledge that, having begun to develop a culture of continuous improvement, the Council recognises that it must now demonstrate evidence of improved performance.

In recognising this progress, the Commission notes that many of the activities and developments are still at an early stage and there is much still to be done. We welcome the Council's recognition of this and urge it to continue the process of change and improvement. Along with other councils, it faces significant financial pressures and likely funding gaps which require radical change across the public sector. It must continue to ensure that it has the capacity for strategic improvement, and keep this under review.

We recommend that it moves quickly to ensure that all elements of an effective performance management system are put in place to provide improved information to support effective decision-making and scrutiny of performance. It must also develop its strategic approach to reviewing and improving its services and its capacity to present robust options appraisal.

The Council is not yet maximising the opportunities for partnership working with neighbouring councils and other public sector bodies, and should increase its focus on this in order to improve outcomes for its citizens. We recommend that it should also pay particular attention to developing its processes for community engagement.

On behalf of the Commission, Audit Scotland also continues to work closely with other scrutiny bodies to deliver a shared risk assessment of South Ayrshire Council. An Assurance and Improvement Plan will be available shortly, and will provide a schedule for audit and inspection work to assess continued progress.

Minutes of the meeting of the Accounts
Commission held in the Town Hall,
Lerwick on Monday 28 and Tuesday 29
June 2010.

PRESENT: John Baillie (Chair)
Douglas Sinclair (Deputy Chair)
Christine May
Bill McQueen
Graham Sharp

IN ATTENDANCE: Mark Brough, Secretary and Business Manager

Item No

Subject

1. Shetland Islands Council – Report by the Controller of Audit

1. Shetland Islands Council – Report by the Controller of Audit

The Commission held a hearing under section 103 of the Local Government (Scotland) Act 1973 to consider a report by the Controller of Audit on further audit work on Shetland Islands Council as requested in December 2009.

The Commission took evidence from—

- Caroline Gardner, Controller of Audit, Fraser McKinlay, Director of Best Value and Scrutiny Improvement, Lynn Bradley, Director of Audit Services (Local Government), Martin Walker, Portfolio Manager, and Carol Hislop, Audit Manager, Audit Scotland.
- Councillor Sandy Cluness, Convenor, Councillor Josie Simpson, Vice Convenor, Councillor Leslie Angus, Chair of Services Committee, Councillor Betty Fullerton, Vice Chair of Services Committee, Councillor Iris Hawkins, Chair of Infrastructure Committee, Councillor Allan Wishart, Vice Chair of Infrastructure Committee, Councillor Alastair Cooper, Vice Chair of Development Committee, Councillor Florence Grains, Chair of Audit and Scrutiny Committee, and Councillor Allison Duncan, Vice Chair of Audit and Scrutiny Committee, Shetland Islands Council.
- Hazel Sutherland, Depute Chief Executive and Executive Director of Education and Social Care, Gordon Greenhill, Executive Director Infrastructure Services, Graham Johnston, Head of Finance, Jan Riise, Head of Legal and Administration Services, John Smith, Head of Organisational Development, Neil Grant, Head of Economic Development, Robert Sinclair, Head of Capital Programming, Shetland Islands Council. Murray McCall, Partner, Anderson Strathern LLP.
- Councillor Bill Manson, Chair, and Dr Jeff Goddard, Financial Controller, Shetland Charitable Trust.
- Councillor Leslie Angus, Councillor Allison Duncan, Councillor Andrew Hughson, Councillor Gary Robinson, Councillor Cecil Smith and Councillor Jonathan Wills, Shetland Islands Council.
- David Clark, former chief executive, Shetland Islands Council.
- Allan Hannah, Unite; Brian Smith, UNISON; and Robert Williamson, GMB.
- Willie Shannon, Assistant Chief Executive, Shetland Islands Council;
- Rory Mair, Chief Executive, COSLA.
- Alistair Carmichael MP and Tavish Scott MSP.
- Kathleen Greaves; Kevin Learmonth, Vice-Chair, Sustainable Shetland; Les Sinclair and Vic Thomas.

At the conclusion of the evidence the hearing was adjourned.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday 30 June 2010.

PRESENT: John Baillie (Chair)
Douglas Sinclair (Deputy Chair)
Christine May
Bill McQueen
Graham Sharp

IN ATTENDANCE: Mark Brough, Secretary and Business Manager

<u>Item No</u>	<u>Subject</u>
1.	Shetland Islands Council – Report by the Controller of Audit

1. Shetland Islands Council – Report by the Controller of Audit

The Commission resumed consideration of the report by the Controller of Audit on further audit work on Shetland Islands Council as requested in December 2009, together with the evidence of the hearing held on 28 and 29 June 2010.

The Commission agreed to continue consideration at a later date.

ACCOUNTS COMMISSION

MEETING 16 SEPTEMBER 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, 15 July 2010, at 10.00am

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

IN ATTENDANCE: Caroline Gardner, Deputy Auditor General and Controller of Audit
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement
Mark Brough, Secretary & Business Manager
Mark Diffley and Sara Davidson, Ipsos-MORI Scotland [Item 7]
Liz McAinsh, Principal Inspection Manager, HM Inspectorate of Constabulary for Scotland [Item 7]
Barbara Hurst, Director of Performance Audit [Item 8]
Carolanne Quigley, Project Manager, Performance Audit Group [Item 9]
Kirsten Paterson, Project Officer, Best Value and Scrutiny Improvement Group [Item 9]
Russell Frith, Director of Audit Strategy [Item 10]
Andrew Reddish, Manager, Audit Strategy [Item 10]
John Maclean, non-executive member of Audit Scotland

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 17 June 2010
4.	Minutes of meeting of the Performance Audit Committee of 24 June 2010
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Evaluation of the approach to Police Best Value audits
8.	Performance Audit Programme
9.	<i>'Roles and working relationships; Have we got it right?' – Draft How Councils Work: An Improvement Series for Councillors and Officers report</i>
10.	Update on benefits performance audit
11.	Accounts Commission review of Statutory Performance Indicators (SPIs)

12. Developing the BV2 audit process
13. Dundee City Council Best Value 2 pathfinder audit – follow-up meeting with Council leadership
14. Angus Council Best Value 2 pathfinder audit – follow-up meeting with Council leadership
15. Any other business

1. Apologies for absence

Apologies were received from Adrienne Kelbie.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 17 June 2010

The minutes of the meeting of 17 June 2010 were submitted and approved.

4. Minutes of the meeting of the Performance Audit Committee of 24 June 2010

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

The Commission noted and endorsed the approach outlined in Item 9:

- agreeing immediate priority studies to be conducted under the Best Value and Resource Management series (now renamed *How Councils Work: An Improvement Series for Councillors and Officers*), and
- agreeing a process for expediting approval of future study briefs in this series.

5. Chair's introduction

The Chair reported on—

- The publication on 1 July of the National Scrutiny Plan for Local Government for 2010/11 and the 32 Assurance and Improvement Plans, and the intention to write to the Cabinet Secretary for Finance and Sustainable Growth, offering to discuss the future gatekeeping role for the Commission in scrutiny co-ordination.
- Arrangements for conducting follow-up meetings with councils on the Best Value 2 pathfinder audits.
- The hearing on Shetland Islands Council on 28 and 29 June. In doing so the Chair thanked the audit team and other staff of Audit Scotland who had supported the Commission.

6. 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 audit issues.
- Relevant Scottish Parliament committee activity.

Following discussion, the Commission noted that—

- The deadline of 30 June for submitting draft accounts for audit had been met by all 32 councils.
- Chief Executive appointments had been made at Shetland Islands Council, Orkney Islands Council and West Lothian Council.

7. Evaluation of the approach to Police Best Value Audits

The Commission considered a research report by Ipsos-MORI Scotland reviewing stakeholders' experience of pilot Police Best Value audits. These were audits conducted jointly with Her Majesty's Inspector of Constabulary for Scotland. During discussion, the Commission considered a number of issues highlighted by the report. The Commission thanked Ipsos-MORI Scotland for its work

The Commission endorsed the approach taken to Police Best Value audits, and noted that the work has had a high profile with police forces and boards. The Commission agreed that Audit Scotland and Her Majesty's Inspector of Constabulary for Scotland should work together to address key points as they develop the ongoing police audits, with particular emphasis on:

- Providing fuller feedback to forces and boards at the scoping stage of the audit;
- Producing clearer guidance on what will be inspected and the characteristics of what constitutes Best Value in the police; and
- Continuing to refine the structure of audit reports.

[Action – Audit Scotland to work with HMICS to refine the approach to ongoing Police Best Value audits]

8. Performance audit programme

The Commission considered a report by the Director of Performance Audit, outlining the consultation that has been undertaken on the forward performance audit programme and proposals to move to a rolling programme.

During discussion the Commission noted that—

- Meetings are continuing to be sought with key stakeholders on the proposed strategic themes and proposals for the forward programme, and other options for consultation and engagement will continue to be considered;
- The proposal to move to a rolling programme provides an annual set of priority audits and the flexibility to respond to developments in the public sector.

The Commission agreed that—

- In the Spring of each year, the Commission and the Auditor General would consider whether the strategic themes should be reviewed and consider the proposed projects to be included in the following year's programme;

- In the summer of each year, the Commission and the Auditor General would approve the proposed programme for the following year; and
- The programme for 2011-12 would be considered by the Performance Audit Committee at its next meeting, and subsequently by the Commission in September.

[Actions – Proposals to be submitted to the Performance Audit Committee and the Commission in accordance with the decisions above – Director of Performance Audit]

9. 'Roles and working relationships: Have we got it right?' – Draft How Councils Work: An Improvement Series for Councillors and Officers report

The Commission considered a draft report 'Roles and working relationships: have we got it right?'. This is the first report in the 'How councils work: an improvement series for councillors and officers' series of publications.

The Commission approved the draft for publication, subject to the following points being considered—

- Whether additional emphasis could be given to the pivotal role of the chief executive as the head of the paid service, and the importance of the chief executive's relationship with the convener of the council;
- Whether additional emphasis could be given to the scrutiny role of elected member.

The Commission also considered options for dissemination and promotion of the report's key messages and agreed that—

- A copy of the report would be sent to all councillors in Scotland, with a cover letter highlighting the 'key questions' appendix;
- Consideration should be given to holding a seminar to promote the report.

[Action – Report to be issued to all councillors, and consideration to be given to holding a seminar to promote the report – Director of Best Value and scrutiny Improvement]

10. Update on benefits performance audit

The Commission considered a report by the Director of Audit Strategy on the outcome of Audit Scotland's benefits performance audit work during the period 2008 to 2010 and the changes made to the 2010/11 audit.

During discussion, the Commission noted that this work does not duplicate work by appointed auditors on councils' management of housing benefit claims, and is separate from Audit Scotland's national fraud initiative work.

The Commission noted the report, and asked Audit Scotland to keep under review how the results of benefits performance audit work are communicated to key stakeholders, including relevant council committees.

[Action – Director of Audit Strategy to keep under review how this work is communicated to stakeholders]

11. Accounts Commission Review of Statutory Performance Indicators (SPIs)

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on a proposed approach to, and timetable for, the review of Statutory Performance Indicators (SPIs) which the Commission had previously agreed to undertake in 2010.

The Commission agreed the proposed approach.

[Actions – further report to be submitted to the Commission in September for consideration of options arising from the review]

12. Developing the Best Value 2 audit process

Following discussion at its previous meeting of a research report by Ipsos-MORI Scotland on stakeholders' experiences of the Best Value 2 pathfinder audits, and agreement on how the Best Value 2 approach should develop, the Commission considered a further report by the Controller of Audit on the definition and presentation of the audit judgements.

Following discussion the Commission agreed that—

- In order to provide clearer information on what councils should expect from the audit process, a Best Value 2 audit guide should be prepared for interested parties.
- A four-point judgement scale should be retained, with the emphasis on achieving transparency for the public by ensuring that the language used in the judgements and the performance descriptors is as simply and clear as possible.
- The 'pace and direction of change' judgement should be titled 'How good is my council's overall performance?', and should ensure that it reflects the progress a council has made since previous audits.
- The current 'What are my council's prospects for future improvement' judgements should be retained with refinement to the wording if possible.
- A review of research on the benefits to public understanding of different forms of wording for performance descriptors should be undertaken before these are finalised.
- The content of the guide, including refinement of the wording for judgements and performance descriptors, should be approved by the Chair and Deputy Chair.

[Action – Audit Scotland to review research on the wording of performance descriptors and prepare a Best Value 2 audit guide for interested parties, the content of which to be approved by the Chair and Deputy Chair.]

13. Dundee City Council Best Value 2 pathfinder audit – follow-up meeting with Council leadership

The Commission considered and noted a report of a meeting between Commission members and representatives of the leadership of Dundee City Council on 21 May. The Commission also noted an improvement plan received from the Council and tabled at the meeting.

Following discussion the Commission agreed that the Chair should write to the Council with a copy of the report and highlight key points on which progress should be made.

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

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

The Commission considered and noted a report of a meeting between Commission members and representatives of the leadership of Angus Council on 31 May. The Commission also noted an improvement plan received from the Council and tabled at the meeting.

Following discussion the Commission agreed that the Chair should write to the Council with a copy of the report and highlight key points that it wished to draw to the attention again of those present at the meeting.

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

15. Any other business

No other business was intimated.

The next meeting of the Commission will be on Thursday 16 September at Audit Scotland's offices at 18 George Street.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday 15 July 2010.

PRESENT: John Baillie (Chair)
Douglas Sinclair (Deputy Chair)
Christine May
Bill McQueen
Graham Sharp

IN ATTENDANCE: Mark Brough, Secretary and Business Manager

<u>Item No</u>	<u>Subject</u>
1.	Shetland Islands Council – Report by the Controller of Audit

1. Shetland Islands Council – Report by the Controller of Audit

The Commission resumed consideration of the report by the Controller of Audit on further audit work on Shetland Islands Council as requested in December 2009, together with the evidence of the hearing held on 28 and 29 June 2010.

The Commission agreed to continue consideration at a later date.

Minutes of the meeting of the Accounts
Commission held in Glasgow, on
Tuesday 3 August 2010.

PRESENT: John Baillie (Chair)
Douglas Sinclair (Deputy Chair)
Christine May
Bill McQueen
Graham Sharp

IN ATTENDANCE: Mark Brough, Secretary and Business Manager

<u>Item No</u>	<u>Subject</u>
1.	Shetland Islands Council – Report by the Controller of Audit

1. Shetland Islands Council – Report by the Controller of

The Commission resumed consideration of the report by the Controller of Audit on further audit work on Shetland Islands Council as requested in December 2009, together with the evidence of the hearing held on 28 and 29 June 2010.

The Commission agreed to continue consideration at a later date.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday 11 August 2010.

PRESENT: John Baillie (Chair)
Douglas Sinclair (Deputy Chair)
Christine May
Bill McQueen
Graham Sharp

IN ATTENDANCE: Mark Brough, Secretary and Business Manager

<u>Item No</u>	<u>Subject</u>
1.	Shetland Islands Council – Report by the Controller of Audit

1. Shetland Islands Council – Report by the Controller of Audit

The Commission resumed consideration of the report by the Controller of Audit on further audit work on Shetland Islands Council as requested in December 2009, together with the evidence of the hearing held on 28 and 29 June 2010.

The Commission agreed to make findings and recommendations as contained in the Appendix to this minute.

ACCOUNTS COMMISSION FOR SCOTLAND

**SHETLAND ISLANDS COUNCIL: REPORT BY THE CONTROLLER OF AUDIT
FINDINGS AND RECOMMENDATIONS OF THE ACCOUNTS COMMISSION FOR
SCOTLAND**

On 13 May 2010, the Accounts Commission considered a report by the Controller of Audit on further audit work on Shetland Islands Council, as requested in December 2009. The report was made under section 102 of the Local Government (Scotland) Act 1973. In light of the nature of the issues covered in the report, the Commission agreed to hold a hearing.

The hearing was held on 28 and 29 June 2010 in Lerwick, Shetland. Details of those giving evidence at the hearing can be found in the annexe to these findings and recommendations.

Findings

Introduction

1. Shetland Islands Council was established in 1975, and is one of three islands councils in Scotland. The Commission appreciates the issues, benefits and challenges which arise for elected members and officers operating in a comparatively small and close-knit island community. Islanders' pride in their history and culture is obvious, as is the council's role in sustaining significant aspects of local economic and cultural life. Nonetheless, the issues and challenges in terms of good governance and accountability faced by Shetland Islands Council are in essence no different from those in any other council.
2. The Commission notes the acknowledgement in the Controller of Audit's report that services provided by the council continue to be delivered to a high standard, albeit at a relatively high cost.

Leadership, vision and strategic direction

3. The Commission finds that there has been an absence of clear, decisive and consistent leadership for Shetland Islands Council at councillor level. The council has struggled to agree and communicate a clear common purpose, which has been made more difficult by significant tensions among councillors and between councillors and officers.
4. The Commission finds that councillors have not demonstrated their ability to balance their corporate and community leadership roles effectively. Councillors appear to be effective advocates for their local communities. They place greater emphasis on local issues and circumstances than on the council's corporate priorities. The Commission is concerned that it did not hear evidence that would change the conclusion of the 2005 Best Value audit report that 'councillors have a marked tendency to represent the narrow interests of their wards at the expense of their wider corporate role for the

council and Shetland as a whole¹. The absence of party political groups does not explain why councillors have failed to show clear corporate leadership. Councillors receiving enhanced salaries for holding positions with additional responsibilities have a particular obligation to fulfil this role.²

5. The council's processes and procedures have not helped councillors and senior managers act in a coherent and authoritative manner. The Commission considers that meetings between senior councillors, and between senior councillors and officers, have for too long been ad hoc, informal and undocumented. The council must have rigorous systems which support leadership, transparency and clear decision-making.
6. It is not clear how the council systematically seeks to identify and understand the needs and expectations of the community as a whole. The Commission noted public concern that elected members do not listen to, or communicate with, the community in a structured way.
7. The Commission does not have any sense of how the council develops a clear set of priorities which can be communicated effectively to the public. Councillors must now set aside personal differences and develop a clear and coherent set of priorities, based on objective evidence and a sound understanding of the needs and expectations of the community the council serves.
8. The Commission found little evidence of Shetland Islands Council looking elsewhere to learn from good practice in terms of governance and leadership. All councils in Scotland operate under the same statutory framework, and Shetland Islands Council must now acknowledge and follow recognised good practice.
9. The Commission found limited evidence of effective leadership from the corporate management team. The last 12 months have been a particularly difficult period, but all senior managers have an individual and collective responsibility to lead for the good of the council as a whole, as well as in their area of direct responsibility.
10. The events of the last year have made it difficult for councillors and officers to maintain mutual trust and respect. This makes it crucial that good governance is in place and that councillors and officers adhere to the agreed policies and procedures.
11. The Commission heard evidence that robust appraisal and rigorous challenge of policy choices is lacking in the council. There is a poorly structured approach to engagement between senior officers and councillors, and a lack of appreciation of good practice elsewhere.
12. The appointment of an interim chief executive provides an opportunity to improve corporate leadership. There is a danger, apparent in the evidence we heard, of unrealistic expectations being placed on the interim chief executive. The part he can play will only be successful if all councillors accept their responsibilities for good governance; if there is leadership from the office of convenor; and if all members of the corporate management team provide effective support.

¹ *Shetland Islands Council: The Audit of Best Value and Community Planning*, 31 March 2005 Audit Scotland for the Accounts Commission: http://www.audit-scotland.gov.uk/docs/local/2004/bv_050331_shetland.pdf

² In addition to councillors' basic salaries, councils are able to pay enhanced salaries to a limited number of councillors holding senior positions within the council. Typically, these posts might include the leader or convenor of the council, provost, cabinet members, or convenors or chairs of major policy or regulatory committees, and the leader of a significant opposition group. Shetland Islands Council is currently permitted to pay such enhanced salaries to up to nine councillors.

Governance

13. The Commission finds that the approach to governance at Shetland Islands Council is haphazard. We are particularly concerned to have found a lack of appreciation of the seriousness of this issue, its importance, and the implications of any failings. The Commission did not find evidence of a shared understanding among councillors, and between councillors and officers, of what good governance means and requires.
14. We do not accept the suggestion that the non-party political nature of the council, or the small close-knit community with people inevitably playing multiple roles, provides justification for this inconsistent approach to governance. On the contrary, in these circumstances it is the more important that issues of transparency and public confidence in decision processes are seen to be taken seriously.
15. For example, it is a matter of serious concern to the Commission that the council finds itself in a position where, for whatever reason, some councillors are able to report that they did not clearly understand the nature and implications of what the council decided on the position of the former chief executive at its meeting on 19 February 2010. This demonstrates a failure of governance and decision-making processes which has made it very difficult for the council to explain clearly these important decisions to the local community.
16. The Commission appreciates that an enquiring and engaged media is central to strong local democracy. However, council business should not be played out in the media as an *alternative* to pursuing solutions through the council. *The Code of Conduct for Councillors*¹ demands that any confidentiality requirements relating to council business must be observed, regardless of personal views on whether information should be publicly available.
17. It is crucial that councillors adhere to the spirit, as well as the letter, of the relevant codes of conduct and behaviours. As well as the *Code of Conduct for Councillors*, there is a wide range of guidance available which should set the benchmark for those in public life serving the people of Shetland. Councillors should familiarise themselves with this guidance, and in particular the report of the Independent Commission on Good Governance in Public Services².
18. It is also the responsibility of senior officers to ensure that the guidance and good practice is brought to the attention of councillors. Senior officers must also ensure that councillors are given clear and timely advice so that they are in no doubt as to their obligations. In particular, it is essential for officers with specific statutory responsibilities to exercise, and be seen to exercise, their roles in an independent and proactive manner.³

¹ *Code of Conduct for Councillors*. Produced in accordance with section 1 of the Ethical Standards in Public Life etc. (Scotland) Act 2000. <http://www.scotland.gov.uk/Resource/Doc/46905/0028864.pdf>. On taking office, all councillors must sign a formal Declaration of Acceptance of Office, in which they undertake to meet the requirements of the Code. They cannot carry out any functions as councillors until they have done so. It is the responsibility of councillors to ensure that they are familiar with, and that their actions comply with, its provisions.

² *The Good Governance Standard for Public Services*, produced by the Independent Commission on Good Governance in Public Services and published by the Office for Public Management Ltd and The Chartered Institute of Public Finance and Accountancy (2004), http://www.cipfa.org.uk/pt/download/governance_standard.pdf

³ Among those officers with specific statutory responsibilities are the chief financial officer and the monitoring officer:

19. The Commission is concerned that it received little demonstration of these principles being applied rigorously by either councillors or officers. Of particular concern is the council's approach to identifying, acknowledging and managing conflicts of interest. The Commission is concerned to note several inconsistencies in these witnesses' understanding of the requirements, and a lack of clarity in how this is dealt with by the council.
20. The view presented of the relationship between the council and the Shetland Charitable Trust was contradictory. The council has in the past asserted that the fact that councillors also act as trustees of the Shetland Charitable Trust facilitates co-ordination between the two bodies.¹ On the other hand, councillors refused to acknowledge the possibility of conflicts of interest in relation to council business, as they asserted that they take decisions in each body entirely independently of any influence arising from their membership of the other.
21. Councillors do not appear to have considered their position on the Charitable Trust with regard to the Code of Conduct and how this might affect the way council business on certain matters is conducted. This is particularly important given the discussions and decisions likely to be involved in any projects or funding partnerships affecting both bodies.
22. The Code of Conduct highlights the importance of transparency where there is a possible conflict of interest between the council and another body. Councillors gave no evidence of having considered carefully and rigorously the requirements of the Code of Conduct in relation to transparency and erring on the side of caution in relation to interests.
23. Councillors have an obligation actively to seek advice on how to manage potential conflicts of interest. There is also a responsibility on officers, in particular a statutory responsibility on the monitoring officer, to ensure that clear and timely advice is given to councillors to allow them to decide the correct course of action. The evidence we heard did not convince us that there has been a consistent approach to this.
24. It is essential that councillors give due weight and respect to the professional advice provided by officers, and set it aside only after careful consideration and reasoned justification. The decision by the council to ignore the professional advice of officers in relation to the recruitment process adopted in the appointment of the former chief executive is a matter of concern. Criticism in public of the performance of the former chief executive, which the *Code of Conduct for Councillors* specifically states should not happen, raises similar concerns. We are concerned that the level of mutual respect and trust in the council among councillors, and between councillors and officers, falls below what should be expected.

Section 95 of the Local Government (Scotland) Act 1973 requires local authorities to make arrangements for the proper administration of their financial affairs and to appoint a chief financial officer to have responsibility for those arrangements.

Section 5 of the Local Government and Housing Act 1989 requires local authorities to designate an officer as monitoring officer, with responsibility for advising councillors about the legal position of proposed actions.

¹ The trust deed provides that all councillors of Shetland Islands Council, the headteacher of Anderson High School, Lerwick, and the Lord Lieutenant of Shetland shall be trustees *ex officio*. All except one councillor currently act as trustees.

Financial management and accountability

25. The Commission noted that councillors and officers acknowledge the very real financial pressures faced by the council. In recent years the council has drawn significantly from reserves to meet current expenditure. In her report, the Controller of Audit said: 'The council has a substantial level of reserves, but it faces challenges in achieving its financial strategy. It has agreed budget savings for 2010/11, but has yet to demonstrate how it can sustain its current level of service delivery in future years, while maintaining its target reserves balance and delivering its capital plans.'
26. The Commission heard nothing to change this assessment. The council needs to demonstrate that it has the capacity to take difficult decisions in future to operate in accordance with its own financial strategy. The capital programme has been inadequately managed in the past, as acknowledged by the council, and there appears to be little consideration by the council of value for money in the delivery of services.
27. We welcome the council's appointment of a head of capital programming and its recent initiatives that aim to establish a sustainable capital programme, best value in procurement and a comprehensive asset strategy. The test of these initiatives, however, will be in whether the council is able to implement such plans effectively when difficult choices have to be made.
28. The finance function in any council should play a central role in supporting good governance and effective decision-making. It is, therefore, essential that the finance department supports the council effectively as it seeks to sustain levels of service, while maintaining the levels of reserves required by its strategy. We are concerned at the level and quality of budget management information available to councillors, and at the apparent lack of critical appraisal of that information. Councillors must receive robust advice on policy choices and develop the skills to discharge their scrutiny role rigorously if they are to support decision-making across all areas of operation. The Controller of Audit's report identifies some specific issues which highlight the difficulty the council has in effective decision-making – such as the significant time and money spent, with very limited progress, on the redevelopment of Anderson High School.
29. A particular issue in the Controller of Audit's report is the disagreement between the council and its external auditors about the accounting treatment of Shetland Charitable Trust, which has led to the Shetland Islands Council financial statements being qualified for four years in succession.
30. We found no convincing argument to justify the way in which the council has prepared its accounts. We do not accept that the qualification results from a failure of Audit Scotland (and by inference, the previous external auditors Pricewaterhouse Coopers) to appreciate the nature of the relationship between the council and the Shetland Charitable Trust. Neither do we accept that this is a purely technical matter. It represents a material misreporting of the resources over which the council has influence, and has resulted in repeated qualification by the council's external auditors. We heard no reason to disagree with the appointed auditor on this matter. The Commission welcomes the willingness expressed by the convenor and senior councillors to resolve the qualification, but notes that such willingness has been expressed previously by the council without progress being made.
31. The head of finance, as the officer with statutory responsibility under section 95 of the Local Government (Scotland) Act 1973, has an obligation to take account of the Statement of Recommended Practice (SORP) in preparing the council's accounts. The SORP constitutes proper accounting practice under section 12 of the Local

Government in Scotland Act 2003, and its application cannot be set aside by either the council or its auditors. We are concerned that the council and the relevant statutory officers could provide no clear justification for not following the SORP. The council's position on preparation of the accounts appeared to be based on a long-held view of the head of finance, but he offered no analysis of the accounting issues in support of this.

32. We consider that the other qualification of the council's 2008/09 accounts, relating to the failure to value its financial assets in accordance with accounting requirements, also indicates weaknesses in the finance department and its appreciation of the importance of good accounting practice to public accountability.

The former chief executive

33. In these findings the Commission comments on the processes used in the recruitment and subsequent employment of the former chief executive. However, we do not comment on either the decision to appoint, or the competence of, the former chief executive.
34. The Commission found no convincing explanation for why the council departed from the professional advice of its officers on the processes to be used for recruiting the former chief executive. Further, there were no clear objectives and performance appraisal system agreed for the chief executive. Not to do so at the earliest opportunity was a substantial failure on the part of the council.
35. Similar issues arose in connection with a previous chief executive in 1999. We are concerned that this demonstrates continuing failings in the council's approach to recruiting senior people, and we found a lack of evidence of the council's ability to learn from past events. We note the council's stated resolve never to repeat these mistakes, and note with approval the improvements that the council has said it applied in the way it approached the recent appointment of an interim chief executive.
36. The Commission considers that it is deeply disappointing that public money has been spent on a negotiated settlement to agree the departure of the former chief executive. The Commission considers it to be a matter of very significant concern that working relationships had broken down to such an extent within a very short time of the former chief executive taking up the post.
37. The Commission recognises that the decision to reach a negotiated settlement with the former chief executive has caused considerable anger in the local community. The council relied heavily on external advice in resolving the position of the former chief executive. It is important to emphasise, however, that responsibility for the decisions made is ultimately the council's alone, and it was for the relevant statutory officers to ensure that they advised the council clearly and comprehensively on all the implications.
38. The Commission finds that the council must bear significant responsibility for reaching the position where it decided that a negotiated settlement had to be pursued within a few months of the appointment. Had proper steps been taken to introduce formal objectives and a performance appraisal process – as would be expected for all employees – the council would have been in a stronger position to consider other approaches to resolving matters, without the same cost to the public purse or damage to the council's reputation.

39. In addition, the actions of elected members further damaged the council's own position. The Commission finds clear evidence that elected members were cautioned in November 2009 that criticism in public of officers represented a significant risk to the council. Despite this, such criticism in public continued.
40. The Commission also heard clear evidence that the position of those negotiating on behalf of the council may have been significantly weakened by leaks of confidential information. In particular, we find that the leaking of confidential advice given to the council meeting of 4 February 2010 prejudiced the position of the council's representatives in negotiating the amount of a settlement.
41. Once the council was in this difficult position, we find that it was appropriate and in the interests of the council to resolve the situation quickly. We accept that not to do so would have risked a prolonged period of litigation and undermined the possibility of the council making progress from a position which by then risked paralysing the council's ability to conduct its business effectively.

The post of assistant chief executive

42. The Controller of Audit's report explains the sequence of events relating to the proposed deletion of the assistant chief executive post, subsequent return to work of the postholder and continued uncertainty over the position. We would expect that a post at this senior level would have weighty and appropriate corporate responsibilities assigned to it. We do not understand, therefore, why no clear job description has yet been agreed or why neither the council nor the postholder has ensured that he has played a full part in the council's corporate management team.
43. The lack of transparency in creating and filling the post of assistant chief executive in the first place in 2006 has contributed to subsequent problems. The council must operate on the principle that recruitment for all senior posts will be robust and transparent.
44. It was not clear whether there was delegated authority for the chief executive to delete this post. We heard evidence from the monitoring officer that delegated authority had previously been granted for the chief executive to make changes to the staffing structure under certain conditions. We note that this evidence is different from that found¹ by the Chief Investigating Officer². The former chief executive acknowledged with hindsight that there were failings in the way in which he managed his decision on this post. However, it is unacceptable that it was not clear and beyond dispute with all parties in the council whether or not this delegated authority existed.
45. The decision of the convenor to meet the assistant chief executive to discuss a grievance in relation to his employment is a further example of a lack of understanding and inconsistent application of basic governance principles. The council should have adhered to the recognised policies and procedures that are in place for all staff in relation to grievances. We consider that the convenor should have been provided with clear, robust and accurate advice on these points.

¹ Paragraph 16 of the summary note of decision in the case of complaint number LA/SI/914 concerning an alleged contravention of the Councillors' Code of Conduct by Councillor Jonathan Wills of Shetland Islands Council.

http://www.standardcommissionscotland.org.uk/investigations/shetland_island/la_si_914.html

² The Chief Investigating Officer is a statutory post established under the Ethical Standards in Public Life etc. (Scotland) Act 2000. The CIO is appointed by Scottish ministers to investigate and report on complaints alleging a breach of the relevant Code, and is responsible for deciding whether to report the outcome of any investigation to the Standards Commission.

Recommendations

The Commission makes the following recommendations to Shetland Islands Council:

The council must put in place a comprehensive programme of improvements as a matter of urgency to address the issues we have identified. The programme should set clear objectives, milestones and timescales for delivery.

This programme of improvements should ensure that:

- the council can develop the leadership, governance and strategic direction it requires
- there is the basis for effective working relationships among councillors and between councillors and officers
- all procedures for decision-making are robust and transparent, and can command public confidence
- the council has the capacity to deliver its financial strategy.

In particular, the programme of improvements should address the following specific recommendations:

- a) The council should establish a comprehensive programme of training and development to be undertaken by all councillors and senior officers to enable them to understand how to perform effectively in their roles and how to demonstrate the value of good governance through their conduct. This programme should ensure that:
 - councillors, in particular those holding positions with additional responsibilities, are able to develop clear and authoritative strategic leadership
 - councillors are able to distinguish appropriately the requirements of their separate duties as local representatives and corporate leaders,
 - mutual trust and respect is established among and between councillors and officers for their respective roles
 - senior officers establish a strong and effective commitment to meet their strategic corporate responsibilities.
- b) The council should review its approach to governance, and ensure that rigorous systems are in place to support clear and transparent decision-making, such as formal recording of meetings and routine systems for the dissemination of decisions and information to staff and the public.
- c) The council should agree effective procedures for engaging with the local community and understanding its needs and expectations, and put these procedures on a systematic basis.
- d) The council should improve the way it develops clear, coherent messages to communicate with the local community, and take steps to improve the way it conducts its relationship with the media and recognises the media's legitimate interest in council matters.
- e) The council should develop a systematic approach to engaging with the wider local government community, ensuring regular attendance at meetings of professional and representative bodies, and learning from good practice.
- f) Councillors and senior officers should work together to improve the management information available to councillors, to enhance the capacity and commitment to deliver robust appraisal of policy choices, and thereby help to ensure that councillors are supported to develop the skills to discharge their scrutiny role rigorously.

- g) Councillors should work together to ensure that they have a shared understanding of the requirements of the Code of Conduct and other relevant guidance for the way they approach the council's business.
- h) The council should review the way in which it advises councillors on the issue of their interests, and ensure that it is able to explain coherently and publicly the way in which councillors are expected to approach recurring issues such as the role of councillors as trustees of Shetland Charitable Trust.
- i) The council should ensure that senior officers, particularly the relevant statutory officers, are able fully to advise councillors on their obligations.
- j) The council should establish rigorous processes to ensure that it can put its use of resources on a footing that is consistent with implementing and sustaining its financial strategy, and demonstrate that it can deliver services in a way which achieves Best Value.
- k) The council should address the weaknesses in its finance function to ensure that it complies with good practice and relevant objective standards, and provides appropriate information to allow councillors to exercise robust strategic budget management.
- l) The council should ensure that the qualification of its accounts in relation to the accounting treatment of the Shetland Charitable Trust is resolved in time for the audit of the financial statements for 2010/11.
- m) The council should ensure that robust and transparent procedures are established and followed for the creation and filling of all posts, and the performance management and appraisal of all staff.

The Local Government (Scotland) Act 1973 (as amended) requires the council to consider these findings at a meeting of the council within three months of receiving them, and to decide whether to accept any or all of these recommendations and what action to take in response to them.

The Commission will continue to monitor the circumstances of the council through the council's external auditors, and notes that the recently-agreed Assurance and Improvement Plan also sets out planned strategic scrutiny activity for Shetland Islands Council over the period to March 2013.¹ The next version of the Assurance and Improvement Plan will reflect the Commission's findings and recommendations.

We require a further report by the Controller of Audit in around 12 months' time on progress made by the council. We will give consideration at that point to any further measures that need to be taken.

¹ Shared Risk Assessment: Assurance and Improvement Plan 2010-13 for Shetland Islands Council.
http://www.audit-scotland.gov.uk/work/scrutiny/docs/Shetland_Islands.pdf

Annexe

At the hearing on 28 and 29 June 2010, the Commission took evidence from the following people:

- Caroline Gardner, Controller of Audit, Fraser McKinlay, Director of Best Value and Scrutiny Improvement, Lynn Bradley, Director of Audit Services (Local Government), Martin Walker, Portfolio Manager, and Carol Hislop, Audit Manager, Audit Scotland.
- Councillor Sandy Cluness, Convenor, Councillor Josie Simpson, Vice Convenor, Councillor Leslie Angus, Chair of Services Committee, Councillor Betty Fullerton, Vice Chair of Services Committee, Councillor Iris Hawkins, Chair of Infrastructure Committee, Councillor Allan Wishart, Vice Chair of Infrastructure Committee, Councillor Alastair Cooper, Vice Chair of Development Committee, Councillor Florence Grains, Chair of Audit and Scrutiny Committee, and Councillor Allison Duncan, Vice Chair of Audit and Scrutiny Committee, Shetland Islands Council.
- Hazel Sutherland, Depute Chief Executive and Executive Director of Education and Social Care, Gordon Greenhill, Executive Director Infrastructure Services, Graham Johnston, Head of Finance, Jan Riise, Head of Legal and Administration Services, John Smith, Head of Organisational Development, Neil Grant, Head of Economic Development, Robert Sinclair, Head of Capital Programming, Shetland Islands Council. Murray McCall, Partner, Anderson Strathern LLP.
- Councillor Bill Manson, Chair, and Dr Jeff Goddard, Financial Controller, Shetland Charitable Trust.
- Councillor Leslie Angus, Councillor Allison Duncan, Councillor Andrew Hughson, Councillor Gary Robinson, Councillor Cecil Smith and Councillor Jonathan Wills, Shetland Islands Council.
- David Clark, former chief executive, Shetland Islands Council.
- Allan Hannah, Unite; Brian Smith, UNISON; and Robert Williamson, GMB.
- Willie Shannon, Assistant Chief Executive, Shetland Islands Council;
- Rory Mair, Chief Executive, COSLA.
- Alistair Carmichael MP and Tavish Scott MSP.
- Kathleen Greaves; Kevin Learmonth, Vice-Chair, Sustainable Shetland; Les Sinclair and Vic Thomas.

A transcript of the hearing is available on Audit Scotland's website www.audit-scotland.gov.uk

The Commission sought introductory written submissions from all witnesses in advance of the hearing. These were published on the website prior to the hearing. Reference was also made to a number of other documents during the course of the hearing.

For further details of the hearing or any of the documents referred to, please contact the Secretary to the Commission.

ACCOUNTS COMMISSION

MEETING 16 SEPTEMBER 2010

MINUTES OF PERFORMANCE AUDIT COMMITTEE

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 26 August 2010 at 10.30am.

PRESENT: Douglas Sinclair (Chair)
John Baillie
Christine May
Colin Peebles

Linda Pollock

IN ATTENDANCE: Fraser McKinlay, Director of Best Value and Scrutiny Improvement
Mark Brough, Secretary and Business Manager
Angela Cullen, Assistant Director, Performance Audit Group
Angela Canning, Assistant Director, Performance Audit Group
Mark Roberts, Portfolio Manager, Performance Audit Group
[Item 4]
Rebecca Seidel, Performance Auditor, Performance Audit Group
[Item 4]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 24 June 2010
4.	Improving energy efficiency – emerging messages and reporting arrangements for follow-up performance audit
5.	Forward performance audit programme
6.	Future meeting schedule
7.	Any other business

1. Apologies for absence

Apologies were received from Adrienne Kelbie, Jim King and Iain Robertson.

2. Declarations of interest

Christine May declared an interest in relation to one of the proposed audits to be considered under Item 5 in that she acts as adviser to a company bidding for out-sourced contracts.

3. Minutes of meeting of 24 June 2010

The minutes of the meeting of 24 June 2010 were submitted and approved.

The Committee noted the publication of the *How Councils Work* series report – *Roles and working relationships: Are you getting it right?*, and that North Lanarkshire Council had advised that it would be used in training and induction for councillors.

4. Improving energy efficiency – emerging messages and reporting arrangements for follow-up performance audit

The Committee considered a report from the Director of Performance Audit outlining emerging messages from the follow-up performance audit on *Improving Energy Efficiency*, and proposed arrangements for reporting.

Following discussion, the Committee—

- Noted that the emerging messages indicated a lack of momentum and political profile for the issue, and agreed that this should be addressed robustly in the report.
- Agreed that prominence should be given to energy efficiency issues related to both the quality of buildings and the way they are used.
- Asked the team to consider how best to present information on the largest public sector energy users. The Committee suggested that the need to focus attention on the points where greatest impact may be secured should be balanced with the need for all public bodies to accept recommendations.
- Suggested that the report should highlight examples of good practice where possible.
- Noted that energy efficiency issues may be examined in the context of the sustainability aspects of Best Value duties, if they are of sufficient importance in the risk assessment.

The Committee agreed the following arrangements for further consideration and publication of this audit—

- A draft report based on the emerging messages would be submitted to the Commission meeting in October;
- No separate key messages document should be published along with the full report in December.

[Action - Draft performance audit report to be submitted to the Commission meeting in October – Director of Performance Audit.]

5. Forward performance audit programme

The Committee considered a report from the Director of Performance Audit outlining responses to the recent consultation by the Accounts Commission and the Auditor General on proposed national performance audits; and making proposals for a programme of performance audit work for publication in 2011/12.

The Committee noted that the consultation had shown broad support for the strategic themes underpinning the programme, and some detailed comments on individual proposals. Consultation meetings would continue to be sought with key stakeholders, including COSLA.

The Committee agreed that the proposed programme for 2011/12 should be submitted to the Commission for approval. The Committee also agreed that—

- The use of economic development activity as the theme for the proposed audit on community planning partnerships should focus on the engagement of both local and strategic partners in addressing deprivation and social challenges, rather than simply support for business development.
- Issues relating to the role of the voluntary sector in public services would be picked up in audits on commissioning social care and outsourced contracts rather than an audit specifically on the voluntary sector.
- Where possible, joint work with other scrutiny bodies should be considered for future audits.

[Action – proposed programme for 2011/12 to be submitted to the Commission for approval – Director of Performance Audit.]

6. Future Meeting Schedule

The Committee considered a paper from the Director of Performance Audit inviting it to consider its future meeting schedule.

The Committee noted the need, subject to the final approval of the programme of performance audits for 2011/12, for project briefs to be agreed for some new projects over the next few months. These would be unlikely to be ready for the next scheduled meeting of the Committee. The Committee, therefore, agreed to hold an additional meeting on the afternoon of 9 December 2010.

The Committee agreed, given the need to take account of the interim findings of the UK Government's review of public sector pensions, revisions to the timetable for the joint Accounts Commission and Auditor General performance audit on public sector pensions. The Committee agreed that—

- An update on emerging messages from the audit would be provided to the Committee's next meeting;
- The Committee would approve key messages for the audit by correspondence; and
- A draft report would be submitted to the Commission for approval at its meeting in December.

The Committee further agreed that early work on the community and patient transport performance audit could be carried out prior to formal approval of the project brief at its November meeting.

[Actions:-

- *Additional meeting of the Committee to be arranged on 9 December – Secretary and Business Manager*
- *The performance audit on public sector pensions to be submitted for consideration in accordance with the timetable above – Director of Performance Audit*
- *Project brief for the community and patient transport performance audit to be submitted to the next meeting of the Committee – Director of Performance Audit].*

7. Any other business

The Chair noted that Adrienne Kelbie and Iain Robertson were shortly to be stepping down from the Commission. The Committee expressed its appreciation for their contribution to its work and its best wishes to them both.

ACCOUNTS COMMISSION

MEETING 16 SEPTEMBER 2010

MINUTES OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 2 September 2010, at 10.30am.

PRESENT: Bill McQueen (Chair)
Colin Duncan
Linda Pollock
Graham Sharp
John Baillie
Douglas Sinclair

IN ATTENDANCE: Lynn Bradley, Director of Audit Services (Local Government)
Fraser McKinlay, Director of Best Value and Scrutiny Improvement
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 4]
Paul Reilly, Project Manager, Best Value and Scrutiny Improvement [Item 4]
Russell Frith, Director of Audit Strategy [Item 5]
Dave Beveridge, Senior Manager, Audit Strategy [Item 5]
Mark Brough, Secretary and Business Manager

1. Apologies for absence

Apologies were received from Mike Ash.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 27 May 2010

The minutes of the meeting of 27 May 2010 were approved, subject to the wording of the first bullet point under Item 4b) being amended to clarify that the overview report is produced by the Controller of Audit under a standing direction by the Accounts Commission.

4. Development of the 2010 local authority overview report

The Committee considered a report by the Director of Best Value and Scrutiny Improvement on the content, scope and timing of the 2010 local government overview report.

The Committee noted that feedback from the local government community indicated that the most useful part of previous overview reports has been that on the use of resources, and that it would be helpful for the report to be published as early as possible because it provides useful background and context to the budget-setting process in councils.

The Committee agreed—

- That the focus of the report should be on strategic resource management in a broad sense, while maintaining a focus on the impact on the users of council services;
- That the report should continue to develop a focus on improvement;
- That consideration should be given to how best impact can be secured from the expected publication of both the local government and the NHS overview reports in relatively close succession;
- That opportunities for further consultation with councillors and senior officers should be sought; and
- To recommend that the Commission should include consideration of the approach to the overview report in its discussions about how it advocates for its findings and engages with stakeholders.

The Committee noted that a paper on emerging key issues from the local government audit work would be submitted to its next meeting, and that the overview report would be submitted to the Commission in December.

[Actions—

- *the overview report to be developed further in line with the agreements noted above – Director of Best Value and Scrutiny Improvement*
- *proposals for advocacy of the overview to be considered at the next meeting and to be developed in line with further discussion by the Commission of its overall advocacy and engagement strategy – Director of Best Value and Scrutiny Improvement and Secretary and Business Manager]*

5. Audit appointments – provisional audit allocations

The Committee considered a report by the Director of Audit Strategy on a provisional allocation of local government appointments for Audit Services Group for 2011/12 to 2015/16 for inclusion in the forthcoming audit tender documents.

Following discussion, the Committee noted that—

- the overall proportion of audit work awarded to successful tenderers would remain roughly the same as in previous years;
- the final allocation of audits after the tender process is expected to require modification in order to construct portfolios that avoid conflicts of interest.

The Committee agreed to recommend that the Commission agrees to the provisional allocation of audits between Audit Services Group and successful tenderers.

6. Timetable and process for selection of auditors

The Committee received an update from the Director of Audit Strategy on the timetable and process for selection of auditors for appointment for the period 2011/12 to 2015/16.

The Committee noted that—

- The consultation on the revised Code of Audit Practice will close shortly;
- A report will be submitted to the Commission in October on progress with the procurement strategy, including the revised Code and the provisional audit allocations; and

- Proposed audit allocations are due to be submitted to the Commission and the Auditor General in March 2011 for approval, with final appointments being made in May.

[Action – Director of Audit Strategy to submit further reports to the Commission as noted above, including a recommendation from the Committee that the Commission agrees to the provisional allocation of audits.]

7. Current issues in councils

The Committee considered a report by the Director of Audit Services (Local Government) on current issues in councils

The Committee noted with approval a change to the way in which issues were categorised, and agreed that this was helpful in identifying their potential significance.

Following discussion, the Committee agreed that the following issues should be drawn to the attention of the Commission—

- Changes to scrutiny arrangements agreed by Dundee City Council (which was a key recommendation of Best Value and annual audit reports);
- The number of senior officers leaving post, and the need for this to be considered carefully by councils in terms of both workforce planning and ensuring appropriate advice on all financial implications;
- The variety of approaches being adopted by councils to fund capital projects;
- New governance arrangements agreed between the council and the police in Fife;
- The lack of means open to Inverclyde Council to bar from office a councillor who has been convicted on a charge of benefit fraud;
- Discussions on shared services, including discussions on the possibility of some joint senior officers being appointed by Stirling and Clackmannanshire Councils.

8. Any other business

The Director of Audit Services (Local Government) provided a briefing on the key issues arising from the report of the Independent Budget Review, published on 29 July 2010.

The Committee agreed to recommend that a similar briefing be provided to the Commission at its next meeting.

[Action – Director of Audit Services (Local Government) to provide a briefing to the next Commission meeting]

ACCOUNTS COMMISSION

MEETING 14 OCTOBER 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, 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.

ACCOUNTS COMMISSION

MEETING 4 NOVEMBER 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, 14 October 2010, at 10.30am

PRESENT: John Baillie (Chair)
Colin Duncan
James King
Bill McQueen
Christine May
Colin Peebles
Linda Pollock
Graham Sharp
Douglas Sinclair

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
Mark Brough, Secretary & Business Manager
Angela Canning, Assistant Director Performance Audit Group
Ronnie Nicol, Assistant Director Performance Audit Group
Rebecca Seidel, Performance Auditor, Performance Audit Group [Item 6]
Gareth Dixon, Project Officer, Performance Audit Group [Item 6]
Russell Frith, Assistant Auditor General [Items 7 and 8]
Dave Beveridge, Senior Manager, Audit Strategy and NFI [Item 7]
Diane McGiffen, Chief Operating Officer [Item 8]
Miranda Alcock, Portfolio Manager (Justice), Performance Audit Group [Item 11]
Andra Laird, Project Manager, Performance Audit Group [Item 11]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 16 September 2010
4.	Chair's introduction
5.	Update report by the Controller of Audit
6.	Draft performance audit report on Energy Efficiency follow-up
7.	Code of Audit Practice and audit appointments strategy
8.	Audit Scotland budget for 2011/12 and charges for 2010/11 audits
9.	Conduct of Commission business
10.	Commission external engagement strategy
11.	Briefing on performance audit for the Auditor General on the Scottish Police Services Authority
12.	Any other business

1. Apologies for absence

Apologies were received from Michael Ash.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 16 September 2010

The minutes of the meeting of 16 September 2010 were submitted and approved.

4. Chair's introduction

The Chair reported—

- That Scottish Ministers had formally indicated their consent to the Commission's appointment of Fraser McKinlay as Controller of Audit for the period until 30 September 2011;
- That a response had been submitted, as agreed at the last meeting, to the Scottish Government's consultation on the duty of user focus under the Public Services Reform (Scotland) Act 2010;
- That a consultation had been issued by the Scottish Government on the duty of co-operation on scrutiny bodies 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 circulated to all members.

[Action – Chair to prepare a response to Scottish Government consultation on the duty of co-operation, and circulate to all members.]

5. Update report by the Controller of Audit

The Commission considered a report by the Controller of Audit providing an update on progress in the annual audit cycle for councils and other related bodies, and recent relevant parliamentary business.

The Commission approved a proposal that an initial performance audit on behalf of the Commission and the Auditor General on the Edinburgh trams project should be added to the performance audit programme for 2010/11. The Commission agreed that the draft report should be submitted to it for consideration in due course, with a view to being published by the end of 2010.

The Commission also noted—

- That further audit work is being conducted by the appointed auditors of South Lanarkshire Council in connection with various matters;
- The appointment of Andrew Laing as Her Majesty's Inspector of Constabulary for Scotland;
- That Huw Vaughan Thomas had officially taken up post as Auditor General for Wales on 1 October.

6. Draft performance audit report on Energy Efficiency follow-up

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft follow-up performance audit report on '*Improving energy efficiency*', prepared on behalf of the Commission and the Auditor General.

During discussion, the Commission noted that this is a follow-up report re-evaluating the performance of the public sector as a whole in improving its energy efficiency since the initial report in 2008, assessing how the Scottish Government and public bodies are implementing the recommendations of the previous report, and evaluating how prepared participating public bodies are for the CRC Energy Efficiency Scheme.

The Commission noted that a number of broader issues in relation to incorporating energy efficiency measures into capital procurement, and the costs and challenges of improving the energy efficiency of existing public buildings, could be considered as part of forthcoming performance audit work on asset management.

The Commission approved the draft report subject to a number of amendments being made to clarify and strengthen particular points, and noted that the draft report would now be subject to formal clearance.

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

7. Code of Audit Practice and audit appointments strategy

The Commission considered a report by the Assistant Auditor General on the consultation process on the revised Code of Audit Practice and on the audit appointments strategy for 2011/12 to 2015/16.

During discussion, the Commission noted that proposed changes to the Code had been considered by the Audit Scotland Board and that the Auditor General had briefed the Scottish Parliament's Public Audit Committee on the proposed changes. The Commission also noted that the provisional audit appointment portfolios would be subject to change during the procurement process.

Following discussion, the Commission—

- Approved the revised Code of Audit Practice, subject to minor wording clarifications being made;
- Approved the provisional audit allocations for local government; and
- Agreed that the Code and the provisional audit allocations should be included in tender documents to be issued shortly.

8. Audit Scotland Budget for 2011/12 and charges for 2010/11 audits

The Commission considered a report by the Assistant Auditor General on Audit Scotland's budget for 2011/12 and the proposed charges for the 2010/11 local government audits. The Chief Operating Officer of Audit Scotland introduced a discussion on the budget plans.

During discussion, the Commission noted that—

- Audit Scotland has submitted a budget proposal to the Scottish Commission for Public Audit that seeks to reduce overall costs by 16.7% in real terms over the four financial years beginning 2011/12;
- The budget includes reducing average charges to audited bodies by over 17% in real terms during the four audit years starting with 2010/11 audits;
- This reduction is as far and as fast as the cost of audit can be reduced at present, and can be achieved while maintaining the level of outputs as a result of—
 - previous investment in efficiency improvements such as electronic working papers;
 - reducing staff numbers by deleting vacant posts;
 - further improvements in rationalising processes and skills mix;
 - rationalisation of properties;
- The projections do not include any savings made from price competition in the forthcoming audit procurement exercise, and that any such savings will be used to meet the costs of reducing staff numbers;
- The proposed 2.5% reduction in the charges for 2010/11 local government audits compares to an estimate in autumn 2009 of an increase of 1.25% plus approximately 4% for the introduction of IFRS-based accounts;
- The proposed charges are for financial audits and are not directly affected by the 36% reduction in corporate scrutiny activity achieved through the work of the local government scrutiny co-ordination strategic group;
- Further discussion on how audit fees relate to the performance of audited bodies may be required in due course.

Following discussion, the Commission agreed that the Assistant Auditor General would consult COSLA and other local government stakeholders. The Commission approved the proposed charges for 2010/11 local government audits, subject to the need to consider any significant points arising from discussion with stakeholders.

[Action – Assistant Auditor General to discuss proposed fees with COSLA and other local government stakeholders.]

9. Conduct of Commission business

The Commission considered a report by the Secretary and Business Manager inviting it to consider how the conduct of its meetings could best support its objectives.

Following discussion, the Commission agreed—

- That, in order to enhance the openness and transparency of its proceedings, it would move to hold its meetings in public;
- To remit to the Chair to consider the necessary practical and procedural matters and to report back to the Commission by the end of 2010 with any necessary proposed amendments to Standing Orders, with a view to instituting measures from the start of 2011;
- That the Commission would review after a suitable period whether the measures might also be applied to meetings of its committees.

[Action – Chair to consider practical and procedural matters and report any necessary proposed amendments to Standing Orders by end 2010.]

10. Commission external engagement strategy

The Commission considered a report by the Secretary and Business Manager on current practices in its approach to engagement with its key stakeholders, and options for further development.

Following discussion, the Commission agreed—

- The objectives and framework for external engagement outlined in the paper;
- That there may be additional opportunities for engagement with the Parliament on the Commission's annual report;
- That, while most external engagement activity may be undertaken by the Chair and Deputy Chair, it is useful for all members to be involved as time commitments allow;
- That support should be provided to ensure that the approach to engagement is consistent;
- That a regular briefing should be provided to members, incorporating relevant media coverage, engagement activity, and conferences and events;
- That a programme should be developed of speakers to provide informal briefings on developments in local government;
- To remit to the Secretary and Business Manager to consider issues relating to the Commission's profile in the way its role and work are communicated.

[Action – Secretary and Business manager to plan consideration of issues relating to how the Commission communicates its role and work.]

11. Briefing on performance audit for the Auditor General on the Scottish Police Services Authority

The Commission received a briefing on the performance audit on the Scottish Police Services Authority, conducted on behalf of the Auditor General and due to be published at the end of October.

12. Any other business

The Chair noted that Adrienne Kelbie's term of appointment had come to an end and that she had been unable to seek reappointment as she had recently taken up a position with Hull City Council as Director of Business Support. The Chair expressed the Commission's thanks to Adrienne for her contribution to the work of the Commission and wished her well for the future.

ACCOUNTS COMMISSION

MEETING 9 DECEMBER 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, 4 November 2010, at 10am

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

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
Fiona Kordiak, Director of Audit Services
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement
Mark Brough, Secretary & Business Manager
Stephen Reid, Director, KPMG [Item 7]
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 7]
Carol Calder, Portfolio Manager, Best Value and Scrutiny Improvement [Item 8]
Mark Diffley and Sara Davidson, Ipsos-MORI Scotland [Item 8]
Russell Frith, Assistant Auditor General [Item 9]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 14 October 2010
4.	Chair's introduction
5.	Update report by the Controller of Audit
6.	East Ayrshire Council Best Value 2 pathfinder audit – follow-up meeting with Council leadership
7.	Strathclyde Partnership for Transport – report by the Controller of Audit
8.	Local government scrutiny co-ordination
9.	Audit Scotland's 2010/11 local government audits – appointed auditor
10.	Statutory performance indicators – 2009-10 outturn data
11.	Any other business

1. Apologies for absence

There were no apologies.

2. Declarations of interest

Colin Duncan declared an interest in Item 6 in respect of having professional contacts with members and officers of East Ayrshire Council.

3. Minutes of meeting of 14 October 2010

The minutes of the meeting of 14 October 2010 were submitted and approved.

4. Chair's introduction

The Chair reported that—

- Scottish Ministers had confirmed his re-appointment for a further three-year term as Chair of the Commission, and that of Jim King for a further three-year term as a member.
- As agreed at the previous meeting, a response had been submitted to the Scottish Government's consultation on the duty of co-operation on scrutiny bodies under the Public Services Reform (Scotland) Act 2010.

5. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on significant recent activity in relation to the audit of local government.

During discussion, the Commission noted—

- That a briefing on councils' budget savings plans would be submitted to the Financial Audit and Assurance Committee on 18 November;
- That the Scottish Government had announced that HMIE and Learning and Teaching Scotland will merge with effect from 1 July 2011 to form a new executive agency to be called the Scottish Education Quality and Improvement Agency;
- Significant announcements in relation to local government in England as part of the UK Government's Comprehensive Spending Review published on 20 October.

6. East Ayrshire Council Best Value 2 pathfinder audit - follow-up meeting with Council leadership

The Commission considered and noted a report of a meeting between Commission members and representatives of the leadership of East Ayrshire Council on 5 October.

Following discussion the Commission agreed that the Chair should write to the Council with a copy of the report, highlighting the positive developments noted at the meeting.

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

7. Strathclyde Partnership for Transport – Report by the Controller of Audit

The Commission considered a report by the Controller of Audit on Strathclyde Partnership for Transport in respect of an investigation of expenses and other matters.

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

The Commission thanked the appointed auditor and other staff for their work and for assisting the Commission's consideration of the report.

8. Local government scrutiny co-ordination

The Commission received a briefing from Ipsos-MORI Scotland on emerging findings from its review of the first round of shared risk assessments in Scottish local government.

The Commission noted that the main findings of the review relate to the need to ensure—

- A consistently high quality approach by Local Area Network leads;
- Transparency and consistency in communication with councils;
- Consistency in the definition of risk and the quality of local Assurance and Improvement Plans;
- Clarity and consistency on the use of the red-amber-green-gold categories in the risk assessment.

During discussion, the Commission considered a number of the issues highlighted by the briefing and noted the continued importance of being clear that the reduction in scrutiny to date relates to corporate level scrutiny, which is a small proportion of the scrutiny contact time experienced by councils. The Commission should continue to seek to ensure that councils are clear about how the quality of their own performance management arrangements will influence the level of resource they need to expend on preparing for scrutiny.

The Commission thanked Ipsos-MORI Scotland for its work and noted that a full research report would now be prepared for publication by the Commission.

The Commission then considered a report by the Secretary and Business Manager inviting it to consider issues arising from its experience of exercising its 'gate-keeping' role in corporate-level scrutiny of local government.

Following discussion, the Commission agreed that—

- Notes of meetings of the scrutiny co-ordination strategic group should be circulated to the Commission to allow members the opportunity to question the Commission's representatives on the group;
- It should continue to ensure improvement in the shared risk assessment process and existing scrutiny co-ordination activity;
- It would examine carefully its potential involvement in any future extension of scrutiny co-ordination activity and would continue consideration of this at its annual strategy seminar; and
- It should increase activity designed to encourage audited bodies to improve the quality of their own performance management systems and thereby reduce scrutiny.

[Actions—

- *Secretary and Business Manager to circulate notes of meetings of the scrutiny co-ordination strategic group to the Commission*
- *Chair to consider further activity to encourage audited bodies to improve the quality of their performance management systems]*

9. Audit Scotland's 2010/11 local government audits – Appointed auditor

The Commission considered a report by the Assistant Auditor General on appointments for 2010/11 local government audits and—

- Agreed to appoint Fiona Kordiak, Director of Audit Services, as the auditor for all of the 2010/11 local government audits conducted by Audit Scotland; and
- Noted that the 2010/11 audits conducted by Audit Scotland would include one additional audit for the Dams to Darnley Country Park Joint Committee, which is hosted by Glasgow City Council.

10. Statutory performance indicators - 2009/10 outturn data

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on the outturn data for 2009/10 resulting from the Commission's 2008 statutory performance indicator direction.

During discussion, the Commission noted that the 2010 local government overview report would include an analysis of performance. The Commission also noted that, in considering the terms of its 2010 direction at its next meeting, it would be able to take account of progress made by councils in their own performance reporting systems and use its statutory power to ensure a framework of consistency and comparability.

The Commission agreed that Audit Scotland should continue to liaise on its behalf with the local government community on the development of performance indicators, and that reports on this development should be submitted at appropriate points to enable it to take account of this in the exercise of its power of direction. A note on progress to date should be submitted to the next meeting to inform consideration of the 2010 direction.

[Action – reports on the development of performance indicators by the local government community to be submitted to the Commission in December and as appropriate thereafter – Director of Best Value and Scrutiny Improvement]

11. Any other business

There was no other business.

Appendix

Accounts Commission Findings

Strathclyde Partnership for Transport

Following a review undertaken by the external auditors, the Controller of Audit has made a report to bring to the attention of the Commission and the public conclusions arising from an investigation of travel expenses and other matters at Strathclyde Partnership for Transport (“the authority”) in the period between 2007 and 2009.

The Commission accepts this report by the Controller of Audit.

The Commission finds serious deficiencies in the way the authority managed and controlled travel expenses. These gave rise to a number of instances giving cause for concern about the judgement of those involved. We are particularly concerned that these deficiencies appear to show a culture and behaviour by some of the most senior elected members and officers of the authority at the time. This behaviour fell well short of what is expected of those holding public office and overseeing public funds. The Commission notes that there have been changes to the membership and senior management of the authority since these concerns arose.

As a regional transport partnership, the authority is subject to many of the same obligations as all local authorities in Scotland. It must adhere to the principles of good governance, and ensure that its processes support rigorous scrutiny and accountability in the application of public funds. These processes must ensure that the costs, benefits and value of proposed travel are adequately examined so that the authority always acts in a way designed to ensure value for money. The authority must also ensure that it applies the appropriate regulations and practices on expenses in all respects.

The Commission notes and welcomes the actions taken by the authority once concerns about expenses and other matters came to light. On the basis of internal audit work in April 2009, the authority acted to strengthen value for money scrutiny and authorisation controls. It then also approved an action plan set out by the external auditors which included further recommendations for improving internal controls for expenses and travel. When implementing its action plan, the authority should consider the training and development needs of its members to ensure that they are clear about the authority’s revised policies and procedures and can demonstrate good governance, and effective scrutiny and challenge, in the discharge of their roles.

We also welcome the action by the authority that has led to recovery of some expenses. Given the Controller of Audit’s conclusion that the circumstances of the visit to the Greater Manchester Passenger Transport Executive constituted an unacceptable use of public money, the Commission endorses the recommendation that the authority should seek repayment of all expenses associated with this visit.

The Commission requests that the Controller of Audit provide it with a progress report in approximately six months, identifying progress in implementing the action plan and control actions. We also expect that the progress report by the Controller of Audit will explain the authority’s actions on further recovery of personal or excessive expenses.

ACCOUNTS COMMISSION

MEETING 20 JANUARY 2011

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, 9 December 2010, at 11:00 am

PRESENT: John Baillie (Chair)
Michael Ash
Colin Duncan
Bill McQueen
Christine May
Colin Peebles
Linda Pollock
Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
Barbara Hurst, Director of Performance Audit
Fiona Kordiak, Director of Audit Services
Mark Brough, Secretary & Business Manager
Russell Frith, Assistant Auditor General [Item 8]
Ronnie Nicol, Assistant Director, Performance Audit Group [Items 12 and 13]
Graeme Greenhill, Portfolio Manager, Performance Audit Group [Items 12 and 13]
Corrinne Forsyth, Performance Auditor, Performance Audit Group [Item 13]
Angela Cullen, Assistant Director, Performance Audit Group [Item 14]
Dick Gill, Portfolio Manager, Performance Audit Group [Item 14]
John Lincoln, Project Manager, Performance Audit Group [Item 14]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 4 November 2010
4.	Minutes of meeting of the Performance Audit Committee of 4 November 2010
5.	Minutes of meeting of the Financial Audit and Assurance Committee of 18 November 2010
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Pension scheme accounts and 2010/11 audit
9.	South Ayrshire Council Best Value audit progress report – follow-up meeting with Council leadership
10.	Conduct of Commission business
11.	Statutory performance indicators – 2010 Direction
12.	Edinburgh Trams
13.	Maintaining Scotland's Roads
14.	The Cost of Public Sector Pensions

1. Apologies for absence

Apologies were received from Jim King and Graham Sharp.

2. Declarations of interest

Colin Duncan declared an interest in relation to Item 9, in respect of having professional contacts with a number of elected members of South Ayrshire Council, and left the meeting during consideration of that Item. Christine May declared an interest in relation to Item 11, as Chair of the Scottish Library and Information Council.

3. Minutes of meeting of 4 November 2010

The minutes of the meeting of 4 November 2010 were submitted and approved.

4. Minutes of meeting of the Performance Audit Committee of 4 November 2010

The Commission noted the minutes of the meeting of the Performance Audit Committee of 4 November 2010.

5. Minutes of meeting of the Financial Audit and Assurance Committee of 18 November 2010

The Commission noted the minutes of the meeting of the Financial Audit and Assurance Committee of 18 November 2010.

The Commission noted the current issues in councils and the accounting and auditing updates to which the Committee had drawn its attention.

6. Chair's introduction

The Chair reported on—

- The publication on 25 November of the Controller of Audit's report and the Commission findings on Strathclyde Partnership for Transport.
- An invitation from Argyll and Bute Council for representatives of the Commission to visit and discuss progress since its Best Value audit. The Commission agreed that a meeting should be arranged at a suitable date.

7. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on significant recent activity in relation to the audit of local government.

During discussion, the Commission noted that—

- Auditors are currently in the process of presenting annual reports to councils and audit committees;
- The Scottish Government's Draft Budget for 2011/12 had been published on 17 November, and included an accompanying document entitled *Efficiencies from improvement to scrutiny*;
- Funding is to be withdrawn from the Sustainable Development Commission, possibly leading to increased focus on the role that Audit Scotland can play

in auditing the way in which public bodies respond to their sustainable development duties.

8. Pension scheme accounts and 2010/11 audit

The Commission considered a report by the Assistant Auditor General on arrangements for the audit of the first set of separate local authority pension scheme annual accounts, and—

- agreed to set a deadline for completion of the audit of the local authority pension scheme reports and accounts for 2010/11 of 1 December 2011; and
- noted that the deadline for future years is likely to be 30 September.

9. South Ayrshire Council Best Value audit progress report - follow-up meeting with Council leadership

The Commission considered and noted a report of a meeting between Commission members and representatives of the leadership of South Ayrshire Council on 17 November.

Following discussion the Commission agreed that the Chair should write to the Council with a copy of the report, highlighting the positive developments noted at the meeting.

10. Conduct of Commission business

The Commission considered a report by the Secretary and Business Manager on practical and procedural issues arising from the decision of the Commission to hold its meetings in public.

Following discussion, the Commission—

- agreed to amend its Standing Orders to include new paragraphs 14-18 in order to facilitate the handling of business, and to make other minor wording changes; and
- agreed formal guidance to ensure that decisions on how it will consider business, and the circumstances in which it may decide to consider any item of business in private, are as clear and transparent as possible.

The Commission agreed that processes to gather feedback on its meetings should be considered, and that it would consider a review of how its web-site supports its business.

The Commission also considered issues relating to the management of public records and agreed—

- to transfer the minutes of Commission meetings from 1974 to 1994 to the National Archives of Scotland, and
- to authorise the Secretary and Business Manager to consider the approach to compliance with new public records obligations in due course.

11. Statutory performance indicators – 2010 Direction

The Commission considered a report by the Director of Best Value and Scrutiny Improvement incorporating a draft 2010 direction on statutory performance information to be provided under section 1 of the Local Government Act 1992.

The draft direction leaves the information to be published by local authorities unchanged. The draft direction also includes an introduction that indicates 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.

The Commission approved the terms of the draft direction, subject to minor amendments being made to the introduction.

The Commission agreed that consideration should be given in the future to changing indicator 12b in the direction, 'Library users: number of borrowers as a percentage of the resident population', so that it more adequately reflects the range of services now provided by libraries.

12. Edinburgh Trams

The Commission considered a report by the Director of Performance Audit inviting it to consider a progress report and emerging messages on the interim performance audit of the Edinburgh Trams project, being prepared on behalf of the Commission and the Auditor General.

The Commission approved the emerging messages as the basis for a draft report, subject to consideration being given to a number of points raised in discussion.

The Commission agreed that a final draft report should be circulated to all Commission members by correspondence for comment, with any comments to be finalised by the Chair and Deputy Chair.

13. Maintaining Scotland's Roads

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit report '*Maintaining Scotland's Roads: a follow-up*', prepared on behalf of the Commission and the Auditor General.

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion and noted that no separate key messages document would be published for this report.

14. The Cost of Public Sector Pensions

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit report '*The Cost of Public Sector Pensions in Scotland*', prepared on behalf of the Commission and the Auditor General.

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion, and agreed that the key messages should be finalised accordingly.

AGENDA ITEM 2

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 21 January 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
A Faulds
A Kelbie
J King
I Low
W McQueen
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
R Frith, Director of Audit Strategy (items 13-14)
M Taylor, Assistant Director, Audit Services (item 5)
M Walker, Portfolio Manager (Best Value) Public Reporting (item 5)
C Revie, PricewaterhouseCoopers (item 5)
G Smail, Portfolio Manager, Public Reporting (Local Government) (item 6)
A Clark, Assistant Director, Public Reporting (items 8-11)
S Thompson, Project Manager, Public Reporting (Central Government) (item 12)
A Canning, Assistant Director, Public Reporting (Health and Community Care) (item 12)
C Sweeney, Portfolio Manager, Public Reporting (Health and Community Care) (item 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	South Lanarkshire Council Audit of Best Value and Community Planning
6.	Overview of local authority audits 2008
7.	Best Value audits (a) progress update; (b) list of members for visits to councils
8.	Update on Best Value 2 developments
9.	BV2 – Forming clearer judgements about local authority performance
10.	BV2 – Proposals for Consultation – February 2009
11.	Consultation – Extending the Scope of Application of the Regulators' Compliance Code and the Principles of Good Regulation
12.	Drug and Alcohol service in Scotland
13.	Audit of Housing and Council Tax benefits from April 2008
14.	Moving to a True and Fair View Audit opinion – Revised Auditor's Report
15.	CoSLA Conference/CIPFA Scotland Conference
16.	Strategy Seminar
17.	Post of Secretary

1. Apologies

Apologies for absence were intimated on behalf of Michael Docherty.

2. Minutes

The minutes of meeting of 17 December 2008 were submitted and approved.

3. Chair's Introduction

The Chair reported that he had meetings arranged with Richard Kerley and with Pat Watters and Rory Mair from CoSLA.

4. Report by the Controller of Audit

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

- Scrutiny Improvement Programme
- Single Outcome Agreements
- Local Government sector plan and PRF
- Parliamentary Audit Committee
- Audit Commission reports

The position was noted and it was agreed that copies of the transcripts of the briefing by the Auditor General to the Public Audit Committee on 4 February be circulated to all members.

[Action – copies of briefings to be circulated – Caroline Gardner]

5. South Lanarkshire Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the best value audit of South Lanarkshire Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the best value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Overview of local authority audits 2008

There was submitted a report by the Secretary introducing the Controller of Audit's report on issues arising from the audits of local authorities in 2008. The Controller of Audit's report was made to the Commission under Section 102(i) of the Local Government (Scotland) Act 1973.

Following discussion the Commission agreed:-

- (i) to make findings as contained in Appendix 2 to these minutes, and
- (ii) that consideration be given to appropriate means of publicising the report and findings, including briefings by the Chair to parliamentary committees, use of the media and briefing the leadership forum of CoSLA.

[Action – any suggestions for publicising report to be submitted to Secretary – all members]

7. Best Value Audits – progress update

There were submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits and a list of Commission members to visit councils following consideration of Best Value Audit reports.

8. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan and introducing papers on forming clearer judgements about local authority performance and consultation with stakeholders.

The Commission agreed to note the progress of the Best Value 2 programme plan.

9. Best Value 2 – Forming clearer judgements about local authority performance

With reference to item 9(b) of the minute of meeting of the Commission of 15 October 2008, there was submitted a report by the Director of Public Reporting (Local Government) setting out further proposals regarding forming clearer judgements about local authority performance. The Commission was asked to re-affirm its commitment to there being no league tables of councils and the report proposed that judgements on “pace and direction of travel” and “capacity for future improvement” be introduced at council level as part of BV2. Options were set out as to how these judgements could be expressed.

Following discussion the Commission agreed:-

- (i) To re-affirm its position that there would be no “league tables” for the purposes of the next round of Best Value 2 consultation.
- (ii) To approve the proposal that two related but distinct improvement judgements be introduced as part of Best Value 2 –
 - A “direction of travel” judgement, based on the council’s track record in securing continuous improvement in its services
 - A “capacity for future improvement” judgement, based on the prospect of further improvement.

Further consideration would be given to the language in which these judgements were expressed and to the way in which the evidence bases were phrased.

- (iii) To approve option 3 of the options for BV2 audit assessment and reporting – namely a BV2 audit assessment which combines (a) standardised and codified audit judgements for elements of the BV2 audit assessment, and (b) narrative and largely bespoke judgements on the underpinning audit evidence.
- (iv) To approve the proposal that corporate assessment audit judgements be expressed as narrative judgements rather than graded judgements, with consistent language to be used in all BV reports.

- (v) To note the need for further work to take place with service inspectorates to develop a coherent framework for service reporting which reflected the collective commitment to more proportionate and risk based approaches to audit and inspection activity which would be piloted as part of the BV2 pathfinder process, and
- (vi) To accept that it was not appropriate at this stage of the development of SOAs to introduce a formal assessment on the extent to which an individual council (and its partners) were delivering effective outcomes for local citizens.

10. Best Value 2 – Proposals for Consultation

There was submitted a preliminary draft paper which set out a potential approach to developing the Best Value 2 consultation paper. The paper had been prepared as a stand-alone document, providing an overview of the background to Best Value, current thinking on BV2 and the relationship between BV2 and the ongoing scrutiny reform/streamlining agenda. It was intended that the paper would be refined and developed for the Commission's strategy seminar and meeting in February.

It was noted that a shortened version of the paper would be produced together with a "route map" to the fuller paper, and agreed that another shortened version of the document in plain language should be produced for public consultation. It was considered important to make clear that the consultation was on the approach to Best Value rather than on language.

It was agreed to note a number of detailed points of drafting and that any other drafting points be submitted to Antony Clark and noted that a further version of the document would be submitted to the next meeting for further consideration.

[Action – submission of updated document – David Pia]

11. Consultation – Extending the Scope of Application of the Regulators' Compliance Code and the Principles of Good Regulation

There was submitted a report by the Director of Public Reporting (Local Government) advising of the current consultation by the Department for Business Enterprise and Regulatory Reform on extending the scope of the regulation of the Regulators' Compliance Code and the Principles of Good Regulation. It was proposed to extend the duty to have regard to the code and principles to specified regulatory functions of local authorities in Scotland where these functions concerned matters which were reserved to the UK Parliament. It was suggested that the Commission should endorse such an extension in its response to the Consultation.

It was agreed to welcome the proposal in the Consultation paper and remitted to the Chair to respond to the Consultation document accordingly.

[Action – letter in response to Consultation – David Pia /Chair]

12. Drug and Alcohol services in Scotland

There was submitted a report by the Director of Public Reporting (Health and Central Government) with attached a draft report and key messages document on Drug and Alcohol services in Scotland. This was a joint report on behalf of the Accounts Commission and the Auditor General and the key messages summary had been considered by the Performance Audit Committee at its meeting in December 2008.

It was noted that there were still some gaps in the report pending a Scottish Government announcement of changes to partnership arrangements and performance management systems and that work was continuing on simplifying the presentation of data, finalising the wording of case studies and validating the data.

During discussion the following points were made:-

- With regard to paragraph 87 it should be noted that drug and alcohol misuse was not set as a priority in the Concordat
- In para 133 it should be noted that ADPs should be held accountable through the community planning partnerships
- There should be stronger reference to the impact of these problems on the economy of Scotland
- The wording of “investment” by Scottish Government should be changed to “expenditure”.

The Commission commended the project team for producing a well-written and comprehensive report which should help to improve services across Scotland.

Thereafter the Commission agreed to approve the report and key messages document, subject to the above comments, and delegated to Adrienne Kelbie and Iain Robertson as the report sponsors to approve the report, for final approval by the Chair and Auditor General.

13. Audit of Housing and Council Tax benefits from April 2008

There was submitted a report by the Director of Audit Strategy advising that Audit Scotland’s new housing and council tax benefits audit work had been completed in 12 councils during the period from April to December 2008. The report gave details of the risk assessment exercise and set out the main issues which had arisen from the risk assessments carried out to date.

The Commission agreed to note the report.

14. Moving to a True and Fair View Audit opinion – revised Auditor’s Report

There was submitted a report by the Director of Audit Strategy seeking the Commission’s approval for a revised auditor’s report to reflect a move across UK local government from a “presents fairly” opinion to a “true and fair view” opinion. The proposed revised form of auditor’s report was attached as appendix 1 and it was noted that the change of form of the opinion would have no impact on the cost of the auditors.

The Commission agreed to approve the form of local government auditor’s report to be used for the audits of accounts for 2008/09 onwards.

15. CoSLA Conference/CIPFA (Scotland) Conference

There were submitted programmes for the CoSLA Conference to be held on 4-6 March 2009 and the CIPFA (Scotland) Conference to be held on 19-20 March 2009.

It was agreed that those members wishing to attend a conference should submit their names to the Secretary.

16. Strategy Seminar

It was noted that the Commission's strategy seminar was to take place on 11-12 February at Balbirnie House Hotel, Markinch.

17. Post of Secretary

It was noted that Catherine Coull had intimated her wish to resign from the post of Secretary to Commission with effect from 31 May at the latest.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the Balbirnie House Hotel, Markinch on Thursday, 12 February 2009, at 11am

PRESENT: J Baillie (Chair)
M Ash
M Docherty
A Faulds
A Kelbie
J King
I Low
W McQueen
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
A Clark, Assistant Director, Public Reporting
F McKinlay, Assistant Director (Best Value), Public Reporting (items 5-8)
L McGiffen, Portfolio Manager (Best Value), Public Reporting (item 5)
N Bennett, Scott-Moncrieff (item 5)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Fife Council - Audit of Best Value and Community Planning
6.	Best Value audits progress update
7.	Update on Best Value 2 progress
8.	Best Value across the public sector

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke.

2. Minutes

The minutes of meeting of 21 January 2009 were submitted and approved.

3. Chair's Introduction

The Chair reported that:-

- The process for the appointment of new members to the Commission was now underway and it was hoped that interviews would be held in late June
- The next meeting with scrutiny bodies had been arranged for 12 March
- Work was in hand to prepare for publication of the Local Government Overview Report
- Arrangements had been made for himself and Caroline Gardner to visit the Audit Commission and meetings had been arranged with SOLACE and CoSLA.

The position was noted

4. Report by the Controller of Audit

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

- Single Outcome Agreements
- Public Service Reform Bill
- HMICS Independent Review of Policing in Scotland
- Parliamentary Public Audit Committee
- Audit Commission reports

The position was noted.

5. Fife Council – Audit of Best Value and Community Planning

Douglas Sinclair declared an interest in this item as a former Chief Executive of Fife Council. He left the room and took no part in its consideration.

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the best value audit of Fife Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the best value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

7. Update on Best Value 2 progress

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan.

8. Best Value across the public sector

There was submitted a report by the Controller of Audit detailing the responsibilities currently placed on public sector bodies in respect of best value.

The Commission agreed to note the report and that a further report would be submitted in due course on how best value could be audited across all public sector bodies and how that could contribute to assessing the performance of partnerships.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh, on Wednesday, 4 March 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
A Faulds
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
F McKinlay, Assistant Director (Best Value), Public Reporting (items 1-10)
S Diggle, Portfolio Manager (Best Value), Public Reporting (item 5)
L Bradley, Director, Audit Services (Local Government)
P Tait, Assistant Director, Audit Services (Local Government) (item 5)
E Barrowman, Senior Audit Manager, Audit Services (Local Government) (item 5)
T Yule, Improvement Advisor, Public Reporting (Local Government) (items 9 and 10)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes
4.	Chair's Introduction
5.	Dumfries and Galloway Council – Audit of Best Value and Community Planning
6.	Argyll and Bute Council - Best Value follow-up report
7.	Best Value audits progress update
8.	Update on Best Value 2 developments
9.	Independent Review of Policing in Scotland by HMCICS
10.	Best Value in Police – Consultation Process and Selection of Pilots
11.	Audit Scotland Financial and Performance Information
12.	Strategy Seminar

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke, Michael Docherty, Adrienne Kelbie and Bill McQueen.

2. Declarations of Interest

It was noted that no declarations of interest were made.

3. Minutes

The minutes of meeting of 12 February 2009 were submitted and approved.

4. Chair's Introduction

The Chair reported on a number of items as follows:

- Both he and the Controller of Audit had met with the Chief Executive and Chair of the Audit Commission to discuss matters of mutual interest
- The next meeting with scrutiny bodies would be held on 12 March
- Meetings had been arranged with SOLACE and CoSLA
- He was to give a briefing to the Public Audit Committee of Parliament on the local authority overview report
- He was to be speaking at a conference on scrutiny reform
- Advertisements for new members of the Commission and a new Deputy Chair would appear in the press on 27 and 29 March

The position was noted

5. Dumfries and Galloway Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of Dumfries and Galloway Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value Audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Argyll and Bute Council – Best Value follow-up report

With reference to item 6 of the minute of meeting of the Accounts Commission of 19 November 2008 there was submitted and noted a report to the Council by the Chief Executive on the findings in the Best Value Audit follow-up report, together with a copy of the council's decision and its improvement plan.

7. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

8. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan. Dates were currently being identified for consultation meetings with councils to take place in late May/early June and all members of the Commission were encouraged to attend if possible.

The position was noted.

9. Independent Review of Policing in Scotland by HMCICS

There was submitted a report by the Director of Public Reporting (Local Government) summarising the key points in the report published in January of the Independent Review of Policing in Scotland carried out by HM Chief Inspector of Constabulary.

The Commission agreed to note the report and the recommendations arising from the HMCICS Independent Review of Policing in Scotland, and expressed the hope that Audit Scotland would be included on the Policing in Scotland steering group.

10. Best Value in Police – Consultation Process and Selection of Pilots

There was submitted a report by the Director of Public Reporting (Local Government) setting out a recommended approach for consulting with key stakeholders on the proposed approach to Best Value audits of police authorities and forces by the Accounts Commission and HMCIC. The report also set out a timetable for undertaking and evaluating pilot audits during 2009 and proposals on the selection of pilot sites for consideration by the Commission.

Discussion took place on the draft consultation paper and it was agreed that wording should be clarified in paragraphs 3.4 and 3.6 particularly, with regard to the respective responsibilities of Chief Constables and Police Authorities and to clarify that Chief Constables were not subject to a duty of Best Value. With regard to Appendix 2 – Characteristics of a Best Value Police Authority – it was agreed that any specific comments should be emailed to David Pia.

Thereafter the Commission agreed to approve the proposed consultation approach, timetable and pilot sites subject to the above comments.

11. Audit Scotland Financial and Performance Information

There was submitted a report by the Director of Corporate Services detailing the Quarter 3 Audit Scotland Financial and Performance information.

The report was noted and it was agreed that consideration be given at a future meeting to how performance information more specific to the Accounts Commission could be developed.

[Action – future agenda item on performance information – Chair/Secretary]

12. Strategy Seminar

There were submitted notes of the key themes emerging from the Accounts Commission's recent strategy seminar and of the review of 2008/09, as prepared by Jim King and Adrienne Kelbie.

The reports were noted and it was agreed that action points be prepared from the notes. It was also agreed that consideration be given at the Commission's April meeting to the practicalities of Commission meetings being held in public.

[Action – preparation of action points – Jim King/Adrienne Kelbie; report on practicalities of meeting in public – Secretary]

13. Next Meeting

It was noted that the next meeting was scheduled for 18 March and agreed that it would commence at 9.30am.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh, on Wednesday, 18 March 2009, at 9.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
A Faulds
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)
C Coull, Secretary
F McKinlay, Assistant Director (Best Value), Public Reporting (items 7-13)
M McCabe, Best Value Performance Auditor, Public Reporting (item 7)
P Tait, Assistant Director, Audit Services (item 7)
A Haseeb, Senior Audit Manager, Audit Services (item 7)
F Mitchell-Knight (item 8)
B Howarth, Senior Audit Manager, Audit Services (item 8)
R Nicol, Assistant Director, Public Reporting (item 14)
B Hall, Portfolio Manager, Public Reporting (item 14)
J Lincoln, Project Manager, Public Reporting (item 14)
B Hurst, Director of Public Reporting (NHS and Central Government) (item 15)
C Sweeney, Portfolio Manager, Public Reporting (item 15)
J Matthew, Project Manager, Public Reporting (item 15)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes
4.	Performance Audit Committee
5.	Chair's Introduction
6.	Update Report by the Controller of Audit
7.	South Ayrshire Council – Audit of Best Value and Community Planning
8.	Glasgow City Council - Best Value Audit follow-up report
9.	Shetland Islands Council – statutory report on Annual Audit 2007/08
10.	Best Value Audits – progress update
11.	Updates from Best Value 2 developments
12.	Best Value 2 – Draft Consultation paper
13.	Best Value 2 – Pathfinder Audits and Shared Risk Assessment Development Site Selection
14.	Asset Management in Local Government
15.	Overview of Mental Services in Scotland
16.	Next Meeting

1. Apologies

Apologies for absence were intimated on behalf of Adrienne Kelbie and Jim King.

2. Declarations of Interest

Ann Faulds declared an interest in item 9 as her firm had acted for Shetland Islands Council.

3. Minutes

The minutes of meeting of 4 March 2009 were submitted and approved.

4. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 26 February 2009 were submitted and the recommendations contained therein were approved.

5. Chair's Introduction

The Chair reported on a number of items as follows:

- He had given a presentation to a conference on scrutiny in Scotland
- Dates had now been arranged for meetings with SOLACE and COSLA
- Arrangements were being made for a meeting with HMCIC
- He was to appear before the Public Audit Committee of Parliament the following week regarding the local government overview report
- A further meeting of the scrutiny bodies had been held the previous week.

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:-

- Local Government scrutiny co-ordination
- Single Outcome Agreements
- National Fraud Initiative
- Scottish Parliament Equal Opportunities Committee
- Association of Local Government auditors
- Parliamentary Public Audit Committee
- Audit Commission reports.

It was noted that a further report on scrutiny co-ordination would be submitted to the next meeting.

7. South Ayrshire Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of South Ayrshire Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

8. Glasgow City Council - Best Value Audit follow-up report

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit progress report at Glasgow City Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 2 to these minutes.

9. Shetland Islands Council – statutory report on Annual Audit 2007/08

With reference to item 10 of the minute of meeting of the Commission of 17 December 2008 there was submitted a copy of a report by the Chief Executive of Shetland Islands Council to his Council on 18 February 2009.

It was noted that action was being taken in implementation of the Commission's findings.

10. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

11. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan. The report indicated that the improvement plan was now substantially implemented and that future reports of progress to the Commission would be based upon a revised set of objectives which better reflected current activities.

The report also introduced a further draft of the Best Value 2 Consultation document which included documents on the proposed characteristics of a Best Value Council, a draft equalities auditing framework and a draft sustainability audit framework.

The Commission agreed to note the progress of the Best Value 2 improvement plan.

12. Best Value 2 – Draft Consultation paper

With reference to item 10 of the minutes of meeting of 21 January 2009 there was submitted a further version of the proposed consultation paper together with a summary document.

During discussion the following points were made:-

- Some minor amendments were needed to the tone of the document, and particularly to the Foreword, to emphasise that views of respondents were sought on the proposals
- The Foreword and Introduction should clarify the roles and relationship of the Accounts Commission and Audit Scotland

- Consideration should be given to references to Audit Scotland, and these should be reworded to “we” or “partners in audit” where appropriate
- Stress should be laid on the need for continuous improvement
- It was agreed that the audits should continue to be entitled Best Value Audits, with the use of a sub title such as, possibly, “how council is improving”
- Wording on page 5 of the summary document should be changed as follows – BV2 will introduce clearer judgements of council performance against the characteristics of a Best Value council; BV2 will include a clearer assessment of how council services perform and how well they use their resources; BV2 will listen more closely to what local people have to say and what opportunities they are given to make their views known; BV2 will make reports more accessible to the public
- Page 6 of the summary document (and the main document) should clarify that BV2 will involve external senior officers and elected members in audit teams
- Para 77 of the consultation document should make clearer that the proposals are to continue the current role of the Accounts Commission and that the Commission welcomes any views of respondents on this role. The first consultation question should be changed to read “would you like to see any changes in the role of the Accounts Commission? If so, what?”
- The wording in para 75 “the broader service coverage” should be clarified
- The section on Governance and Accountability on page 8 of the summary document should include reference to effective scrutiny arrangements
- The word “always” should be deleted from the last line of para 80 of the consultation document and para 81 should begin “we believe that these processes work well”
- The references to self evaluation should clarify that a risk based approach to Best Value audit depends on the quality of a council’s self evaluation.

Thereafter it was agreed as follows:-

- i. to approve the consultation document and summary document subject to the above comments and to any further drafting points which should be submitted to the Best Value team by 20 March as the draft was due to go to print on 23 March;
- ii. that consideration be given to the consultation document including everything on which views were sought, depending on the size of appendices;
- iii. that the consultation conclude at the end of May;
- iv. to delegate to the Chair to approve the final version of the documents.

The Chair thanked the officers involved for producing such a well written document.

(Action – amendments to documents – pass to Chair for approval – David Pia)

13. Best Value 2 – Pathfinder Audits and Shared Risk Assessment Development Site Selection

There was submitted a report by the Director of Public Reporting (Local Government) recommending 5 preferred Best Value 2 Pathfinder sites and 4 shared risk assessment development sites. Details were given of the selection criteria for each category.

The Commission agreed to approve the Pathfinder sites and shared risk assessment development sites.

14. Asset Management in Local Government

There was submitted a report by the Director of Public Reporting (Local Government) with attached a draft report and key messages document from the national study on Asset Management in Local Government. The overall aim of the study was to evaluate the extent to which councils managed their assets to ensure effective service provision and achieve value for money. The study focussed on property assets which made up the majority of council assets.

During discussion the following points were made:-

- Consideration should be given to adding in a recommendation that local authorities should work together to produce a standard measure regarding the suitability of their assets
- Paragraph 73 should be expanded to clarify that consideration of maintenance backlogs in property and roads maintenance should be at the centre of the corporate management process
- The correlation between exhibits 2 and 4 should be clarified
- The report should make reference to the downturn in the economy leading to a possible downturn in maintenance. This would be false economy and would lead to higher costs at a later stage. Reference should be made to active dynamic asset management being part of the solution to efficiency savings
- The reference in paragraph 25 of the summary to less than two thirds of councils having an elected member with specific responsibility for this area should be deleted and replaced with a reference to the need for effective scrutiny. The lack of engagement by elected members in this area should be specifically highlighted in the media briefing.

Thereafter the Commission agreed to approve the report and key messages document subject to the above comments.

15. Overview of Mental Health Services in Scotland

There was submitted a report by the Director of Public Reporting (Health and Central Government) with attached a draft report and key messages document on the overview of mental health services in Scotland. This was a joint report on behalf of the Accounts Commission and the Auditor General. In addition to the report and key messages documents it was intended to publish a supplementary report on user and carer views which would summarise findings from the focus group work. A summary of good practice examples from around Scotland would also be published on the Audit Scotland website.

Discussion took place on a number of issues arising from the draft report and it was noted that some of the wording of the report had still to be checked or amended slightly. Given that this was an overview report consideration was being given to identifying areas that would be appropriate for further investigation.

Thereafter the Commission agreed to approve the report and key messages document.

16. Next Meeting

It was noted that the next meeting was scheduled for 15 April at 10.30am.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE REPORT ON SOUTH AYRSHIRE COUNCIL

FINDINGS

The Commission accepts this report on the performance of South Ayrshire Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

The Commission is concerned to note the position at South Ayrshire as set out in the Controller of Audit's report. The council has made limited progress towards delivering best value and faces severe financial pressures which pose significant risks and which will make it more challenging for the council to make the improvements needed.

We note that some services perform well and that joint working is producing some positive outcomes in disadvantaged neighbourhoods. We also note that recent appointments at a senior level and more effective cross-party working amongst members are leading to improvements in leadership and we recognise that the council has developed a greater self awareness of its weaknesses.

However, there are a number of areas of concern. In particular we would draw attention to the following matters:

- The serious financial situation of the council resulting from inadequate financial planning over a number of years.
- The lack of a culture of continuous improvement.
- The council does not manage its resources, risks and performance effectively and lacks a toolkit for Best Value and an effective system of performance management.
- The need to develop community planning and joint working with partners and neighbouring councils.
- The lack of clarity in the roles of members and officers and the need for both elected members and senior officers to establish more effective corporate working and leadership.
- There is little effective scrutiny of performance by members.
- The lack of consistent, good quality customer care.

South Ayrshire is a council which is facing a significant number of hard decisions for the future. We urge the council to give priority to putting in place an effective system of performance management, and to developing and using to the full the basic building blocks needed to achieve best value and to address its financial position. We look forward to receiving from the council an improvement plan which addresses the weaknesses identified in these findings and in the Controller of Audit's report.

We require a further report from the Controller of Audit on the position of the council as at March 2010.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE FOLLOW-UP REPORT ON GLASGOW CITY COUNCIL
FINDINGS

In December 2005 the Accounts Commission considered the Controller of Audit's report on the best value audit of Glasgow City Council and required the Controller of Audit to make a further follow-up report on the council's progress. We accept 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 does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

When we made our findings in 2005 we said that we were encouraged by the rate of improvement which the council had made over recent years. We are now pleased to acknowledge that the council has continued to make good progress, with 12 of the 14 themes in its improvement plan either implemented or on target for implementation. We are also encouraged that the improvements being made have led to better outcomes for the people of Glasgow, particularly with increases in educational attainment levels and a reduction in unemployment.

We note, however, that some significant issues still need to be addressed in respect of the council's management and development of its employees, and that the statutory performance indicators and inspection reports show a mixed picture of the performance of services. We also note the slippage in certain areas of the council's improvement plan. We would urge the council to address these issues, together with the other areas highlighted in the report by the Controller of Audit.

We consider that Glasgow City Council is well placed to build on its current performance and we look forward to the council maintaining its momentum and continuing to improve.

AGENDA ITEM 3

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

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
A Kelbie
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)
C Coull, Secretary
F McKinlay, Assistant Director (Best Value), Public Reporting (items 7-12)
C Calder, Portfolio Manager (Best Value), Public Reporting (item 7)
G McRae, KPMG (item 7)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes
4.	Financial Audit and Assurance Committee
5.	Chair's Introduction
6.	Update Report by the Controller of Audit
7.	East Dunbartonshire Council – Audit of Best Value and Community Planning
8.	South Lanarkshire Council - Best Value Audit
9.	Best Value Audits – progress update
10.	Update on Best Value 2 developments
11.	Local Government Scrutiny Co-ordination update
12.	Framework for Joint Working between the Accounts Commission, Auditor General and Audit Scotland
13.	Meeting in Public – issues for consideration
14.	Next Meeting

1. Apologies

Apologies for absence were intimated on behalf of Ann Faulds.

2. Declarations of Interest

Michael Docherty declared an interest in item 8 as a former Chief Executive of South Lanarkshire Council. He left the meeting during consideration of that item.

3. Minutes

The minutes of meeting of 18 March 2009 were submitted and approved, subject to the fifth bullet point in item 12 (Best Value 2 – draft consultation paper) being amended to read “it was agreed that the audits should continue to be entitled Best Value Audits, with the use of a sub-title such as, possibly, “how.....council is improving”.

[Action – amendment to minute – Catherine Coull]

4. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 11 March 2009 were submitted and the recommendations contained therein were approved. It was noted that discussion had also taken place on the risks involved in utilising capital resources for revenue purposes.

5. Chair's Introduction

The Chair reported on a number of items as follows:-

- Together with Paddy Tomkins, HMCIC, he had met with Police Board Conveners to discuss Best Value
- An article had appeared in Holyrood magazine
- He had given evidence to the Public Audit Committee on the overview of local authority audits
- He had held meetings with representatives of CoSLA and SOLACE
- The letter of information on scrutiny co-ordination progress had been issued.

He also advised, with considerable regret, that Michael Docherty had intimated his intention to resign from the Commission due to his work in Northern Ireland.

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:-

- Single Outcome Agreements
- Strategic Audit Risk Analysis
- Peer Review of the Wales Audit Office
- Parliamentary Public Audit Committee
- Audit Commission reports

7. East Dunbartonshire Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of East Dunbartonshire Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

8. South Lanarkshire Council - Best Value Audit

There was submitted a copy of the report to the Council by its Chief Executive on 25 March 2009, incorporating the Council's improvement action plan, and minute of the meeting.

The position was noted.

9. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

10. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the development of Best Value 2. Attached to the report was an overview of the remaining BV2 programme plan development area, key implementation milestones linked to the BV2 consultation process, BV2 pathfinders and pilot police BV audits.

The Commission agreed:-

- (i) to note the progress of the development of Best Value 2,
- (ii) that leaders of the opposition on councils be invited to attend the consultation meetings on Best Value 2, and
- (iii) to approve the format of the report for future progress update reporting.

11. Local Government Scrutiny Co-ordination update

There was submitted a report by the Controller of Audit advising of the developments in respect of the scrutiny co-ordination work which was being carried out under the Accounts Commission gate-keeping role.

The report gave details of the Scottish Government's response to the recommendations of the five fixed term action groups; an update of the work of the scrutiny improvement board; information regarding the progress of the strategic group and operational group; and a list of development activity and challenges being faced.

The development of local networks was noted and it was agreed that this collaboration was needed at all levels of the various scrutiny bodies. The commitment by Government to legislate for a duty to collaborate was welcomed and it was noted that this would be underpinned by an appropriate protocol.

Following considerable discussion the Commission agreed to note the report and that further update reports would be submitted as appropriate. Thanks were expressed to the staff of Audit Scotland who had carried out such a considerable amount of work to get to this position.

12. Framework for Joint Working between the Accounts Commission, Auditor General and Audit Scotland

There was submitted a report by the Controller of Audit referring to the decision of the Commission at its strategy seminar in February that the framework for joint working between the Accounts Commission, the Auditor General and Audit Scotland should be reviewed and updated. Attached to the report was a draft updated framework which had been approved by the Audit Scotland Board.

The Commission noted and welcomed the proposals by Government to legislate to improve the governance arrangements regarding the appointment of members to the Board of Audit Scotland.

The Commission agreed, for its interest, to approve the revised framework for joint working, subject to the fifth bullet point under Working Arrangements being altered to read: "The Audit Scotland Accountable Officer (currently the Auditor General) will attend Accounts Commission meetings at least annually".

[Action – amendment to document – Caroline Gardner]

13. Meeting in Public – issues for consideration

There was submitted a report by the Secretary referring to the decision of the Commission on 4 March 2009 that consideration be given to the practicality of Commission meetings being held in public. The report set out a number of issues for consideration in this regard and suggested that a review of the arrangements take place after six months.

Following considerable discussion, it was agreed that the Chair would nominate two members to liaise with other members in discussing the issues further and report back to a future meeting'

[Action – nomination of members – Chair]

14. Next Meeting

It was noted that the next meeting was scheduled for 13 May at 10.30am.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh, on Wednesday, 13 May 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
A Faulds
A Kelbie
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)
C Coull, Secretary
G Smail, Portfolio Manager, Public Reporting (Local Government)
T Yule, Local Government Improvement Advisor, Public Reporting (item 9)
B Hurst, Director of Public Reporting (NHS and Central Government) (item 11)
D Gill, Portfolio Manager, Central Government Core Public Reporting (item 11)
I Coll, Project Manager, Public Reporting (Central Government) (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Declarations of Interest
2.	Minutes
3.	Performance Audit Committee
4.	Chair's Introduction
5.	Update Report by the Controller of Audit
6.	South Lanarkshire Council – Best Value Report
7.	Fife Council - Best Value Audit
8.	Update on Best Value developments
9.	Consultation on Best Value Audits and Inspections of Police
10.	Local Government Scrutiny Co-ordination Update Report
11.	Key Messages and Draft Report: Improving Public Sector Purchasing in Scotland
12.	Audit Scotland Financial and Performance Information: Q4 and Year End January-March 2009
13.	Other Business

1. Declarations of Interest

Michael Docherty declared an interest in item 6 as a former Chief Executive of South Lanarkshire Council. He left the meeting during consideration of that item.

Douglas Sinclair declared an interest in item 7 as a former Chief Executive of Fife Council. He left the meeting during consideration of that item.

2. Minutes

The minutes of meeting of 15 April 2009 were submitted and approved. With reference to item 13 of the minutes the Chair advised that he had asked Iain Robertson and Mike Ash to consider the issues involved in the Commission meeting in public.

3. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 22 April 2009 were submitted and the recommendations contained therein were approved.

4. Chair's Introduction

The Chair reported on a number of items as follows:-

- Follow-up meetings had been held with South Lanarkshire, Fife and Dumfries and Galloway Councils
- The reports on Asset Management and the Best Value Audit of East Dunbartonshire Council had been published and the report on Mental Health would be published the following day
- He had chaired a meeting of the scrutiny co-ordination strategic group on 30 April
- He had held meetings with Angiolina Foster and ACPOS.

The position was noted.

5. 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
- Chief Executive appointments
- Audit Commission reports

6. South Lanarkshire Council –Best Value Report

There was submitted a note of the follow-up meeting with South Lanarkshire Council which had taken place on 16 April 2009.

The report was noted.

7. Fife Council - Best Value Audit

There were submitted the Fife Council Best Value Improvement Plan and an extract from the Fife Council meeting when the Best Value Report had been considered.

The position was noted.

8. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of Best Value 2 and other Best Value developments. Appendix 1 to the report gave an overview of the remaining BV2 programme plan development areas, key implementation milestones linked to the BV2 Consultation process, BV2 pathfinders and pilot Police BV audits.

The position was noted, and it was agreed that the issue of plain language in Best Value reports should be discussed at the consultation meetings on BV2.

(Action – discussion at consultation meetings – Chair/ David Pia)

9. Consultation on Best Value Audits and Inspection of Police

There was submitted a report by the Director of Public Reporting (Local Government) providing a summary of the responses which had been received to the Consultation on the Best Value Audit and Inspection of Police. Details were given of the main issues raised during the Consultation and at meetings, and it was considered that no substantial issues had been raised that would affect the approach proposed for the pilot audits and inspections. A report would be brought to the Commission later in the year with the results of the evaluation of the pilots and consideration could then be given with HMIC to the future implementation of the audits.

Discussion took place in particular on appropriate comparators for aspects of the police service.

The position was noted.

10. Local Government Scrutiny Co-ordination Update Report

There was submitted a report by the Controller of Audit advising of the work being carried out by the scrutiny improvement programme board, the strategic group and the operational group and setting out the development activity currently underway. Attached to the report was a copy of the Controller of Audit's quarterly update report to the Cabinet Secretary for Finance and Sustainable Growth.

Discussion took place on the progress in this regard. With reference to the Accounts Commission role in relation to improvement it was noted that under Best Value 2 more consideration would be given to systematically identifying and highlighting good practice. It was pointed out that the need for efficient and effective performance management systems should be stressed at the consultation meetings on BV2.

Thereafter the position was noted.

(Action – discussion at consultation meetings – Chair/ David Pia)

11. Key Messages and Draft Report: Improving Public Sector Purchasing in Scotland

There was submitted a report by the Director of Public Reporting (NHS and Central Government) with attached the Key Messages summary and report for the joint Accounts Commission/Auditor General's report on Improving Public Sector Purchasing in Scotland.

During discussion a number of points were made:-

- Concern was expressed that there was limited data to support analysis of purchasing performance and that the level of savings claimed could not be validated
- The report should include a clearer definition of a saving, to show whether costs could be compared between years. It was agreed that a short paragraph would be included on efficiencies, with reference to the guidelines on Best Practice Indicators
- It was considered that this report reflected previously identified failures in public policy in an inability to translate policy into practice, a lack of performance management, a lack of robust cost/benefit analysis etc. In this regard Barbara Hurst advised that she was working on a list of the key themes from reports for submission to the Public Audit Committee
- Concern was expressed that it was not possible to measure whether there was any benefit to the Scottish economy overall. Government needed to focus attention on what the encouragement to move to more centralised purchasing would mean for local businesses at a difficult time in the economy
- Reference should be made to this report in the study being carried out on Efficiencies in the Public Sector and the link between the two studies should be highlighted
- Reference should be made in the report to the need for the public sector to recruit high quality procurement professionals
- The report should reflect the considerable change in attitude needed for a move to centralised purchasing, and refer to change management in this regard
- The report should be enhanced by the inclusion of the benefits of a good procurement strategy, and the consequences of failure in this regard in the current difficult financial climate

Thereafter the Commission agreed to approve the Key Messages summary and report, subject to the comments set out above.

(Action – amendments to document – Barbara Hurst)

12. Audit Scotland Financial and Performance Information: Q4 and Year End January-March 2009

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland for the period from January to March 2009. It was noted that work was underway to produce a new set of indicators, flowing from the Audit Scotland corporate plan.

The report was noted.

13. Other Business

- The Chair reported on the consideration being given by the SCPA to the governance of Audit Scotland and advised of the provisions which were likely to appear in the Public Services Reform Bill
- The Chair reported that Gordon Smail would cover the Secretary's post meantime and that an advert was being placed that week for the recruitment of a person to fill the post on a full-time basis. Interviews would be held in July
- The Chair expressed grateful thanks to Catherine Coull for her work and considerable support during her time as Secretary to the Accounts Commission.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday 17 June 2009, at 10.30am

PRESENT: J Baillie (Chair)
O Clarke
M Docherty
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
L McGiffen, Portfolio Manager (Best Value) (item 9)
G Macrae, KPMG (item 9)
R Nicol, Assistant Director, Public Reporting (Local Government) (item 14)
B Lancaster, Project Manager, Public Reporting (Local Government) (item 14)
R Frith, Director of Audit Strategy (item 15)
L Meahan, Chair of Diversity and Equality Steering Group (item 16)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 13 May 2009
4.	Minutes of Financial Audit and Assurance Committee 27 May 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Fife Council – note of Best Value follow-up meeting
8.	Dumfries & Galloway Council – note of Best Value follow-up meeting
9.	West Dunbartonshire Council – Best Value follow-up report
10.	Update on BV2 developments
11.	BV2 - outcome and performance analysis framework
12.	BV2 – developing a more citizen focused audit
13.	Local government scrutiny coordination update report
14.	Improving civil contingencies planning in Scotland – draft study report
15.	Joint statement on the principles for the audit of public sector bodies
16.	Gender equality scheme annual report on progress
17.	Other business

1. Apologies for absence

Apologies for absence were intimated from Michael Ash and Adrienne Kelbie.

2. Declarations of interest

Douglas Sinclair declared an interest in item 7 as a former Chief Executive of Fife Council. He left the meeting during consideration of that item.

Michael Docherty declared an interest in item 9 as he had previously worked as a consultant with West Dunbartonshire Council. He left the meeting during consideration of that item.

3. Minutes of meeting of 13 May 2009

The minutes of the meeting of 13 May 2009 were submitted and approved. With reference to item 10 of the minutes it was agreed that the reference to 'best practice' should be amended to 'good practice'.

4. Minutes of Financial Audit and Assurance Committee 27 May 2009

The minutes of the meeting of the Financial Audit and Assurance Committee of 27 May 2009 were submitted and approved. The Chair drew members' attention to the report on shared services which provided helpful context on the subject and highlighted potential barriers to sharing services.

5. Chair's introduction

The Chair reported on a number of items:

- BV2 consultation meetings, for which he thanked members for their support
- Briefing session for the Scottish Parliament's Local Government & Communities Committee
- Interview and resulting article in the Public Finance magazine
- Ongoing interviews for a new Depute Chair and members.

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:

- Public Services Reform Bill
- Draft Housing (Scotland) Bill Consultation
- Parliamentary Committees, including progress in relation to joint Accounts Commission/Auditor General reports
- Changes at senior officer level in councils
- Audit Commission reports.

7. Fife Council – note of Best Value follow-up meeting

There was submitted a note of the follow-up meeting with Fife Council which had taken place on 7 May 2009. The report was noted.

8. Dumfries & Galloway Council – note of Best Value follow-up meeting

There was submitted a note of the follow-up meeting with Dumfries & Galloway Council which had taken place on 12 May 2009. The report was noted.

9. West Dunbartonshire Council – Best Value follow-up report

There was submitted a report by the Acting Secretary and Business Manager introducing the report of the Best Value follow-up audit carried out at West Dunbartonshire Council. The follow-up audit 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. The Commission also agreed to seek an early meeting with the Council to discuss the findings.

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

10. Update on BV2 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.

In discussion, further information was provided about the approach in the pathfinder audits and risk assessment. Details were also provided on how consistency is ensured through moderation and challenge.

Thereafter the position was noted.

11. BV2 - outcome and performance analysis framework

There was submitted a report by the Director of Public Reporting (Local Government) providing a summary of the progress to date in establishing a broader range of service performance and outcome data for use in the BV2 pathfinders. The report also highlighted important issues and challenges to be addressed as the pathfinder work is taken forward.

The Commission welcomed the development work and the shifting emphasis from process to outcomes. Thereafter the position was noted.

12. BV2 – developing a more citizen focused audit

There was submitted a report by the Director of Public Reporting (Local Government) setting out proposals for a more robust approach to auditing and reporting on councils' approaches to consulting and engaging with citizens as part of the BV2 pathfinder audits. The report also referred to the establishment of a framework for making more use of available data on citizens' views.

During discussion a number of points were made:

- The planning process requires consultation and can provide evidence about community engagement.
- There need to be clear statements about confidence levels (in a mathematical sense) of different data sources and careful consideration of the reliability of data.

- The definition of the term ‘user’ needs to be clearer recognising the interests of citizens and taxpayers, including in relation to public performance reporting. Further debate is required.
- Community councils have an important role in community engagement and need to be brought into the analysis.

The Commission noted that a further report on this subject informed by the pathfinder work would be submitted in due course.

13. Local government scrutiny coordination 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. A copy of a letter from the Cabinet Secretary for Finance and Sustainable Growth responding to the Controller of Audit’s recent quarterly update was attached, as was a summary of progress against key milestones.

The Controller of Audit indicated that a more detailed paper would be submitted to the Commission in July. Thereafter the Commission noted the position.

14. Improving civil contingencies planning in Scotland – draft study report

There was submitted a report by the Director of Public Reporting (Local Government) with attached key messages and draft report for the joint Accounts Commission/Auditor General performance study report on improving civil contingencies planning in Scotland.

During discussion it was agreed that there needed to be a clearer distinction between planning for emergencies and dealing with emergencies. Thereafter the Commission agreed to approve the key messages summary and report, subject to the comment above.

[Action – amendments to document – David Pia]

15. Joint statement on the principles for the audit of public sector bodies

There was submitted a report by the Director of Audit Strategy updating the Commission on the joint statement on the principles for the audit of public sector bodies in Scotland. The Commission noted the position and approved the revised statement.

16. Gender equality scheme annual report on progress

There was submitted a report by the Chair of the Diversity & Equality Steering Group attaching a draft of the Commission’s annual report on gender equality.

The Commission approved the draft report and noted that it will be linked to the Audit Scotland progress report and published electronically.

17. Other Business

The Chair noted that this was Michael Docherty’s final meeting following Mr Docherty’s decision to stand down due to other work commitments. The Chair expressed grateful thanks to Mr Docherty for his hard work and for the considerable insight he had brought to the Commission’s business.

**WEST DUNBARTONSHIRE COUNCIL
AUDIT OF BEST VALUE & COMMUNITY PLANNING
PROGRESS REPORT JUNE 2009**

ACCOUNTS COMMISSION FINDINGS

1. When the Accounts Commission published its findings on the Best Value follow-up audit progress report on West Dunbartonshire Council in January 2008 it requested a further report from the Controller of Audit in eighteen months. 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 does not attempt a comprehensive review of all service delivery. We also acknowledge the co-operation and assistance given to the audit process by the Leader and senior officers of the Council.
2. The Commission recognises that a number of services continue to demonstrate good levels of performance. These include education, social work and benefits administration. We also recognise that some progress has been made in other areas, including improved corporate working and increased capacity at senior officer level. This performance demonstrates the positive commitment of Council staff.
3. We find, however, that the Council has made insufficient progress against key improvement priorities identified in the 2008 report. We believe that this is because the relationships between elected members and the nature of the political conflict among elected members are having a negative effect on the operation and development of the Council. Elected members across the political spectrum have not demonstrated the corporate leadership required. There has also been limited progress in developing working relationships between elected members and senior officers. These issues are inhibiting improvement and, until they are resolved, the Council will not achieve the necessary shift in attitude and focus required to deliver best value for the people of West Dunbartonshire.
4. Other councils that have experienced difficulties in implementing best value have benefited from external assistance from the local government community and elsewhere. We therefore recommend that, as a matter of urgency, the Council secures appropriate external support from peers (both members and officers) and others to address these significant problems.
5. We have now published 32 Best Value audit reports and findings, and nine follow-up reports. West Dunbartonshire Council is the only case to date where a follow-up report and findings has led the Commission seriously to criticise the lack of progress. This underlines both the significance of the difficulties facing the Council and the need for immediate action.
6. As part of the stream-lining 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 West Dunbartonshire Council. We expect the issues identified in this report to feature strongly in that risk assessment and, in the context of joint working with our scrutiny partners, require a further progress report from the Controller of Audit in early course. We will give consideration at that point to any further measures that need to be taken.

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.

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, 16 September 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
A Faulds
A Kelbie
J King
I Low
B McQueen
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
G Smail, Acting Secretary and Business Manager
F McKinlay, Assistant Director (Best Value) (items 1-12)
R Kerley, Queen Margaret University (item 7)
T Meldrum, Portfolio Manager (Health and Community Care) (item 13)
C Smith, Project Manager (Health and Community Care) (item 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 15 July 2009
4.	Minutes of Performance Audit Committee of 26 August 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Scrutiny consultancy – draft report from R Kerley
8.	South Ayrshire Council – response to Best Value audit and note of follow-up meeting
9.	West Dunbartonshire Council – note of Best Value follow-up meeting
10.	BV1 overview report - draft report
11.	Update on Best Value developments
12.	Local government scrutiny coordination update report
13.	Progress report on planning for the delivery of the Commonwealth Games – draft study report
14.	Meeting in public
15.	Audit Scotland Financial and Performance Information: Q1 April to June 2009
16.	Any other business

1. Apologies for absence

Apologies for absence were intimated from Douglas Sinclair.

2. Declarations of interest

It was noted that no declarations of interest were made.

3. Minutes of meeting of 15 July 2009

The minutes of the meeting of 15 July 2009 were submitted and approved.

4. Minutes of Performance Audit Committee of 26 August 2009

The minutes of the meeting of the Performance Audit Committee of 26 August 2009 were submitted and approved.

5. Chair's introduction

The Chair reported on a number of items:

- BV2 consultation meetings with COSLA, SOLACE and Scottish Government
- Induction meetings for BV2 peers
- Scrutiny coordination strategic group meeting
- Interviews for non-executive members of Audit Scotland Board
- Evidence to the Parliament's Finance Committee on the Public Services Reform Bill.

The position was noted.

6. Update report by the Controller of Audit

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

- Parliamentary committees
- Developments in councils
- Audit Commission reports.

The report was noted.

7. Scrutiny consultancy – draft report from R Kerley

There was submitted a report by the Acting Secretary and Business Manager introducing a paper from Professor Richard Kerley of Queen Margaret University on the role of the Commission in scrutiny co-ordination and related matters. Professor Kerley joined the meeting to present his report.

The discussion focussed on: the name 'Accounts Commission' in the present context; the question of whether the Commission would benefit from a sounding board for its activities; and the number of members of the Commission relative to its workload.

Thereafter the Chair thanked Professor Kerley for his paper and for attending to join the discussions. The Chair noted that the points arising would be carried forward for further consideration at the Commission's annual strategy seminar.

8. South Ayrshire Council – response to Best Value audit and note of follow-up meeting

There was submitted the South Ayrshire Council Best Value improvement agenda 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 7 July 2009.

The position and summary were noted.

9. West Dunbartonshire Council – note of Best Value follow-up meeting

There was submitted a note summarising the Best Value follow-up meeting with West Dunbartonshire Council on 16 July 2009.

The summary was noted.

10. BV1 overview report – draft report

There was submitted a report by the Director of Public Reporting (Local Government) attaching a final draft of an overview on the first phase of Best Value audits. This version reflected feedback from the Commission in July and subsequent discussions with the Chair and the report sponsors.

In discussion, some wording amendments were noted. Thereafter, the Commission approved the draft report for publication and acknowledged the good work by the Audit Scotland team in preparing the draft report.

11. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on the progress of Best Value 2 and other Best Value developments.

The position was noted.

12. Local government scrutiny co-ordination update report

There was submitted a report by the Controller of Audit updating the Commission on developments in respect of the scrutiny co-ordination work which is being carried out under the Accounts Commission gate-keeping role. A copy of the Controller of Audit's most recent update letter to the Cabinet Secretary, Finance and Sustainable Growth was attached as an annex.

The position was noted.

13. Progress report on planning for the delivery of the Commonwealth Games - draft study report

There was submitted a report by the Director of Public Reporting (Health and Central Government) inviting the Commission to approve the joint Accounts Commission and Auditor General draft report on planning for the delivery of the Commonwealth Games 2014.

During discussion, the Commission noted that the report should emphasise the importance of contract management and the related risks, particularly in the context of the current economic conditions. There was also discussion about the timing of the next report in the series and the team indicated that this will be taken into account in future planning.

Thereafter the Commission approved the report and noted the publication timetable.

14. Meeting in public

There was submitted a report by the Acting Secretary and Business Manager to support the Commission's ongoing deliberations about holding its meetings in public and related matters.

During discussion the following views were expressed:

- It is difficult to consider the principles without weighing up the costs and practical implications.
- The default position should be to hold meetings in public.
- Meeting in public should be considered in the context of wider discussions about how further to develop transparency and public engagement.
- There is a case for dealing with some business in private, as other organisations do.
- The Commission's position differs from other public bodies and this needs to be taken into account in decisions about public and private agenda items.
- The costs and benefits (including value to the public) need to be explored further.

Thereafter, the Commission agreed to consider the matter further at a future meeting, in the context of a wider discussion about the Commission's engagement with the public and other stakeholders. Specific points will include an example of how an agenda might be constructed to differentiate between public and private business and clarification of the position on legal privilege.

15. Audit Scotland Financial and Performance Information: Q1 April to June 2009

There was submitted a report by the Director of Corporate Services presenting the financial and performance information for Audit Scotland to June 2009. The report was noted.

16. Any other business

The Commission discussed the implications should the H1N1 virus (swine 'flu) affect its business. It agreed in that event the Chair, in consultation with members, would determine how any matters of urgent business will be conducted.

The Acting Secretary & Business Manager intimated that the Scottish Government has notified an increase in member remuneration rates and that he would provide members with a copy of the Scottish Government's letter in due course.

The Commission's next meeting (Wednesday 14 October) will take place in Audit Scotland's offices at 18 George Street.

Finally, the Chair noted that Isabelle Low, Ann Faulds and Owen Clarke were coming to the end of their terms of appointment as Commissioners and that this was their final meeting. The Chair expressed grateful thanks to them for their hard work and very valuable contribution over the years and wished them well for the future.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Wednesday, 14 October 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
C Duncan
A Kelbie
J King
C May
B McQueen
C Peebles
L Pollock
I Robertson
G Sharp
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit (Local Government)
R Cleland, Non-executive Board Member, Audit Scotland
G Smail, Acting Secretary & Business Manager
R Nicol, Assistant Director, PRG (Local Government) (item 7)
B Hall, Portfolio Manager (Local Government) (item 7)
A Clark, Assistant Director, PRG (Local Government) (items 8 and 9)
B Hurst, Director of Public Reporting (Health/Central Govt) (item 11)
M Roberts, Portfolio Manager (Central Govt) (item 11)
R Seidel, Performance Auditor (Central Government) (item 11)
R Frith, Director of Audit Strategy (items 12 and 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 16 September 2009
4.	Chair's introduction
5.	Update report by the Controller of Audit
6.	West Dunbartonshire Council – response to Best Value follow-up audit
7.	Single Outcome Agreements – briefing
8.	Update on Best Value developments
9.	Forming and reporting the two new BV2 audit judgements
10.	Local government scrutiny coordination update report
11.	Protecting and improving Scotland's environment; an overview – draft report
12.	Proposed changes to the local government pension scheme and possible changes to the audit arrangements
13.	Audit charges 2009/10 audits
14.	Proposed programme of meetings 2010
15.	Any other business

1. Apologies for absence

There were no absences and therefore no apologies.

2. Declarations of interest

Christine May referred to item 11 on the agenda (environment overview) and informed the meeting that her consultancy work involves advising clients on public policy developments, including on environmental matters.

3. Minutes of meeting of 16 September 2009

The minutes of the meeting of 16 September 2009 were submitted and approved.

4. Chair's introduction

The Chair reported on a number of items:

- Meetings of the scrutiny coordination strategic group: meeting on 24 September; meeting on 6 October with representatives of SOLACE, COSLA with the Cabinet Secretary for Finance & Sustainable Growth.
- Mary Pitcaithly (Chair of SOLACE Scotland) and Jon Harris (Director of Policy and Legislation, COSLA) have been invited to join the scrutiny coordination strategic group as observers.

The Chair congratulated Douglas Sinclair on his appointment as Deputy Chair and Colin Duncan, Christine May, Colin Peebles, Linda Pollock and Graham Sharp on their appointments to the Commission. The Chair then invited the new members to give short introductions.

The Chair also welcomed Ronnie Cleland, Non-executive Director of Audit Scotland, and explained that Mr Cleland was attending to observe Commission business.

5. Update report by the Controller of Audit

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

- The completion of the 2008/09 local authority audits
- Parliamentary committees
- Audit Commission reports.

The report was noted.

6. West Dunbartonshire Council – response to Best Value follow-up audit

There was submitted a letter from the Chief Executive of West Dunbartonshire Council, summarising the Council's response to the Best Value follow-up audit.

The Commission noted that the Council was developing a revised Best Value Improvement Plan and that this would be monitored through the shared risk assessment process.

The Commission requested the Acting Secretary & Business Manager to write to the Council confirming its ongoing interest in the Council's progress in addressing the Commission's findings.

Action: Acting Secretary & Business Manager to write to the Council.

7. Single Outcome Agreements - briefing

There was submitted a report by the Controller of Audit summarising the initial analysis of the second set of Single Outcome Agreements covering the period 2009 -2011. A briefing paper containing a more detailed analysis was attached for the Commission's interest.

The Commission welcomed the report and briefing and in discussion noted that SOAs are part of councils' wider arrangements for managing and reporting performance which will be considered during the Best Value audits.

Thereafter the report and the briefing paper were noted.

8. Update on Best Value development

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of Best Value 2 and other Best Value developments

The report was noted.

9. Forming and reporting the two new BV2 audit judgements

There was submitted a report by the Controller of Audit building on the Commission's previous considerations of how audit judgements might be expressed as part of the BV2 audits.

The Commission welcomed the paper and in discussion:

- Approved the use of the two new BV2 judgements for testing in the pathfinder audits.
- Approved the proposal that the term 'needs to improve more quickly' is used in preference to 'improving adequately' in the pace and direction of travel judgement.
- Requested that descriptions underpinning the judgements and the judgements themselves are tested with citizen focus groups.
- Requested that good governance features more explicitly in the performance descriptors.
- Noted that further refinement of the framework and descriptors would be informed by the pathfinder work.
- Confirmed that the means for councils to challenge BV2 judgements will be to make views known to the Commission. A related point is the need in due course to develop further the criteria and protocols for Commission hearings.

Thereafter the report was noted.

Action:

- *Director of Public Reporting (Local Government) to ensure (i) that descriptions underpinning the BV2 judgements are tested through citizen focus groups and (ii) that good governance features more explicitly in the performance descriptors.*
- *Acting Secretary & Business Manager to develop further the criteria and protocols for Commission hearings.*

10. Local Government scrutiny co-ordination update report

There was submitted a report by the Controller of Audit updating the Commission on developments in respect of the scrutiny coordination work.

In discussion the following points were noted:

- The frequency of scrutiny co-ordination group meetings will be reviewed in due course.
- The draft joint Code of Practice is a significant development.
- It is important to ensure that all MSPs are briefed on developments.

Thereafter the report was noted.

11. Protecting and improving Scotland's environment: an overview – draft study report

There was submitted a report by the Director of Public Reporting (Health and Central Government) inviting the Commission to approve the draft overview report on protecting and improving Scotland's environment. The reported noted that this is a joint study report by the Accounts Commission and the Auditor General for Scotland.

During discussion the following points were made:

- Councils have a significant role in areas such as waste management, and the recommendation at the end of the chapter on waste management should be strengthened.
- Sustainable development is a key issue and the importance of the environment in economic development needs to be highlighted.
- This is an overview and points to potential study topics which may be examined in future.
- Cultural and behavioural change will be necessary to make progress in protecting and improving the environment.

Thereafter the report was approved. It was agreed that the study team would provide the study sponsors with a summary of the changes to the report.

Action: Director of Public Reporting (Health and Central Government) to provide study sponsors with a summary of changes to the report.

12. Proposed changes to the Local Government Pension Scheme and possible changes to audit arrangements

There was submitted a report by the Director of Audit Strategy intimating changes proposed by the Scottish Government to the investment provisions and administration of the Local Government Pension Scheme in Scotland. Following discussions at the FAA Committee on 2 September a draft response had been prepared and the matter has been discussed with COSLA.

After discussion, the Commission approved the draft consultation response.

13. Audit charges 2009/10 audits

There was submitted a report by the Director of Audit Strategy seeking the Commission's agreement to the proposed audit charges for the 2009/10 audits as set out in Appendix 1 to the report. The Director informed the Commission that he had discussed the matter with COSLA.

Following discussion, the Commission approved the charging proposals for 2009/10 and noted the provisional estimate for 2010/11 audit charges.

14. Proposed dates for 2010

A list of proposed dates in 2010 for meetings of the Accounts Commission, the Performance Audit Committee and the Financial Audit and Assurance Committee was submitted by the Acting Secretary & Business Manager.

In discussion, the Commission considered whether all meetings should be moved from Wednesdays to Thursdays. The Acting Secretary & Business Manager was requested to submit a revised timetable on that basis.

Action: Acting Secretary & Business Manager to submit a revised timetable for meetings on Thursdays in 2010 to the November Commission meeting.

15. Any other business

The Commission agreed to revised meeting dates in November. As a result the FAA Committee will now meet on 11 November and the Accounts Commission will meet on 18 November.

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland at 18 George Street,
Edinburgh, on Wednesday,
18 November 2009, at 10.30am

PRESENT: D Sinclair (Depute Chair)
M Ash
C Duncan
A Kelbie
C May
B McQueen
C Peebles
L Pollock
I Robertson
G Sharp

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
G Smail, Acting Secretary & Business Manager
B Skelly - HM Inspector of Constabulary for Scotland (item 8)
S Mitchell - Principal Inspection Manager, HMIC (item 8)
L McAinsh - Inspection Manager, HMIC (item 8)
F McKinlay, Assistant Director (Best Value) (item 8)
T Yule, former Improvement Advisor (Best Value) (item 8)
C Calder, Portfolio Manager (Best Value) (item 8)
A Clark, Assistant Director (Best Value) (items 9 -11)
D McGiffen, Director of Corporate Services (items 13 -14)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 14 October 2009
4.	Minutes of Financial Audit and Assurance Committee of 2 September 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Aberdeen City Council – response to Best Value follow-up audit
8.	Tayside Police Audit of Best Value and Community Planning
9.	Update on Best Value developments
10.	Developing more citizen-friendly BV2 summary reports
11.	Responding to recommendations from the user focus action group
12.	Local government scrutiny coordination update report
13.	Single equalities scheme
14.	Audit Scotland Financial and Performance Information: Q2 July to September 2009
15.	Proposed programme of meetings 2010 – revised dates
16.	Any other business

1. Apologies for absence

Apologies for absence were intimated from J Baillie and J King.

2. Declarations of interest

It was noted that no declarations of interest were made.

3. Minutes of meeting of 14 October 2009

The minutes of the meeting of 14 October 2009 were submitted. With reference to item 4 (Chair's introduction), it was noted that the representatives of SOLACE and COSLA invited to join the scrutiny co-ordination strategic group will participate as observers. At item 9 (Forming and reporting the two new BV2 audit judgements) the third bullet should be changed to state that the descriptions underpinning the judgements and the judgements themselves should be tested with citizen focus groups.

Thereafter, the minutes were approved.

Action: Acting Secretary & Business Manager to update minutes.

4. Minutes of Financial Audit and Assurance Committee of 2 September 2009

The minutes of the Financial Audit and Assurance Committee of 2 September 2009 were submitted and approved.

Referring to discussions at the FAA Committee's meeting on 11 November, the Chair of the Committee emphasised the Committee's interest in further consideration of ways for the Commission to communicate and engage with councils. It was noted that a paper covering this and related matters would be submitted to the Commission in December.

Action: Acting Secretary & Business Manager to report to the Commission in December on the Commission's role in BV2 and wider matters relating to the Commission's engagement with local government.

5. Chair's introduction

In the absence of the Chair, this item was deferred.

6. Update report by the Controller of Audit

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

- Local government audits – completion and progress of the overview report
- Parliamentary committees
- The Controller's appointment to the International Ethics Standards Board for Accountants
- Lynn Bradley's appointment as vice chair of the Local Authority Scotland Accounts Advisory Committee (LASAAC)
- The publication of the report of the International Peer Review of the Wales Audit Office
- Audit Commission reports.

The report was noted.

7. Aberdeen City Council – response to Best Value follow-up audit

There was submitted a letter from the Chief Executive of Aberdeen City Council, summarising the Council's response to the Best Value follow-up audit.

The Commission noted the position and requested the Acting Secretary & Business Manager to write to the Council confirming its ongoing interest in the Council's progress in addressing the Commission's findings.

Action: Acting Secretary & Business Manager to write to the Council.

8. Tayside Police Audit of Best Value and Community Planning

There was submitted a report by the Acting Secretary & Business Manager inviting the Commission to consider the joint Best Value audit and inspection report produced by the Controller of Audit and Her Majesty's Inspector of Constabulary.

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

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

9. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of Best Value 2 and other Best Value developments.

The Commission noted the progress of the BV2 Improvement Plan.

10. Developing more citizen-friendly BV2 summary reports

There was submitted a report by the Controller of Audit updating the Commission on work that is taking place as part of the Commission's Best Value Improvement Plan to develop approaches to reporting that are more meaningful for citizens.

Following discussion the Commission agreed to note the report and to receive a further report once the results of the joint work with Consumer Focus Scotland is completed.

Action: Controller of Audit to report on the outcome of the joint work with Consumer Focus Scotland.

11. Responding to recommendations from the user focus action group

There was submitted a report by the Director of Public Reporting (NHS and Central Government) and the Assistant Director (Best Value) updating the Commission on the User Focus Action Group's recommendations and inviting the Commission to consider how the audit approach relates to those recommendations.

In discussion the Commission noted that the Public Services Reform Bill proposes a duty of user focus for scrutiny bodies and suggested that consideration might be

given to service providers having similar responsibilities, possibly through updated BV guidance. The Commission requested the Controller of Audit to prepare a position statement for the Commission to take forward with the Scottish Government.

Thereafter, the Commission agreed the approach to involving service users, citizens and taxpayers in audits as set out in the paper.

Action: Controller to prepare a position statement for the Commission's consideration.

12. Local Government scrutiny co-ordination update report

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

In discussion, the Commission noted that it would receive a presentation at its meeting in December which include further explanations about the role of self assessment in the process. The Commission also noted that a recent internal audit of Audit Scotland's work in developing the shared risk assessment process concluded 'substantial assurance' status, the highest level of assurance awarded by internal audit.

Thereafter the report was noted.

13. Single Equality Scheme

There was submitted a report by the Chair of the Diversity & Equality Steering Group seeking the Commission's approval of the draft single equality scheme.

In discussion, the Commission noted that an internal audit of Audit Scotland's response to the equalities agenda concluded 'substantial assurance' status. The Commission also noted that Audit Scotland's progress on equalities is monitored by the Audit Scotland Board and reported to the Commission annually.

Thereafter the Commission agreed to approve the draft single equality scheme.

14. Audit Scotland Financial and Performance Information: Q2 July to September 2009

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland to 30 September 2009.

The Commission noted the report.

15. Proposed dates for 2010

The Acting Secretary & Business Manager submitted a revised timetable for Accounts Commission meeting dates in 2010 reflecting the Commission's decision to move its meetings from Wednesdays to Thursdays.

The Commission agreed to adopt the meeting dates as proposed noting that there may be flexibility in the dates for Committee meetings.

16. Any other business

The following points were noted:

- Mark Brough has been appointed Secretary & Business Manager and will take up the post from January 2010.
- The Commission meeting on 9 December will be held at Audit Scotland's offices at 110 George Street.
- Recent information about spending on the Commonwealth Games will be taken into account in the material prepared to support publication of the joint Accounts Commission/Auditor General report on 19 November.
- The Commission congratulated Caroline Gardner on her appointment to the International Ethics Standards Board for Accountants (see item 6. above).

**BEST VALUE AUDIT AND INSPECTION OF TAYSIDE POLICE AND JOINT BOARD
NOVEMBER 2009
ACCOUNTS COMMISSION FINDINGS**

1. The Commission notes that this is the first joint Best Value audit and inspection report to be produced by the Controller of Audit and Her Majesty's Inspector of Constabulary. We welcome this joint approach and its significant contribution to more effective and stream-lined scrutiny. We accept this report and acknowledge the co-operation and assistance provided to the joint audit and inspection team by the Convener and other elected members of Tayside Joint Police Board, the Clerk to the Board, and the Chief Constable and officers of Tayside Police.
2. The report is wide ranging and assesses the extent to which Tayside Police Joint Board and the Police Force are meeting their best value duties. In accordance with the Commission's statutory responsibilities, these findings relate only to the best value audit of the Joint Board.
3. We find that while the Joint Board is strongly committed to supporting the Chief Constable and that working relationships between the Board and the Police Force are good, the Board is not meeting the objective of best value, namely continuous improvement in its duties and responsibilities which include effectively contributing to setting priorities for the police service and holding the Chief Constable to account.
4. Board members have an important and distinct role in the governance of police services and until there is clearer understanding and application of that role the Board will not achieve the necessary shift in focus required to attain best value.
5. Elected members appointed by the constituent councils to the Joint Board need more support to improve their knowledge and understanding of their role as Board members and to support them in core activities, including setting direction and priorities and scrutinising performance. However, the primary responsibility for obtaining the necessary support rests with the Joint Board. Accordingly, as a matter of urgency, the Joint Board needs to discuss this position with the constituent councils and secure resources which are independent of the councils and the Police Force to support it in its role.
6. We look forward to receiving an improvement plan from the Joint Board which addresses the improvement agenda set out in the joint audit and inspection report and the weaknesses identified. The plan should focus on the Board's role in working

7. It is clear to the Commission that part of the reason for the Board not fully exercising its role arises from a lack of clarity about the respective responsibilities and expectations of the Joint Board and the Chief Constable. The Commission believes this issue may not be unique to Tayside Police Joint Board and if this is the case will recommend that the Scottish Government, in consultation with COSLA (Convention of Scottish Local Authorities) and ACPOS (Association of Chief Police Officers in Scotland), should consider the existing guidance and its interpretation to ensure the specific duties and responsibilities of Boards and Board members are expressed clearly. We believe further clarification of the guidance, as may be required, would assist police authorities to self-assess their progress in achieving their statutory responsibilities for best value and community planning.

AGENDA ITEM 3
Paper: AC.2010.1.1

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday, 9 December 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
A Kelbie
B McQueen
C May
C Peebles
L Pollock
G Sharp
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit (Local Government)
G Smail, Acting Secretary & Business Manager
B Hurst, Director of Public Reporting (Health & Central Government) (item 7)
A Cullen, Assistant Director (Public Reporting) (item 7)
J Thomson, Project Manager (Public Reporting) (item 7)
N Bridle, Assistant Director (Public Reporting) (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence and welcome
2.	Declarations of interest
3.	Minutes of meeting of 18 November 2009
4.	Minutes of Financial Audit and Assurance Committee of 11 November 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Efficient Government programme 2008 -2011: a position statement
8.	Shetland Islands Council - Annual Audit 2008/09
9.	Update on Best Value developments
10.	Role of the Accounts Commission in BV2 and related matters
11.	Local government scrutiny co-ordination update
12.	Any other business

1. Apologies for absence and welcome

Apologies for absence were intimated from Colin Duncan, Jim King and Iain Robertson.

The Chair welcomed Mark Brough. Mark was observing this meeting prior to taking up the role of Secretary & Business Manager in January 2010.

2. Declarations of interest

Bill McQueen declared an interest in item 7 (Efficient Government position statement) insofar as one of the case studies in the draft report included reference to the Crown Office, with which he previously worked.

3. Minutes of meeting of 18 November 2009

The minutes of the meeting of 18 November 2009 were submitted and approved.

4. Minutes of Financial Audit and Assurance Committee of 11 November 2009

The minutes of the meeting of the Financial Audit and Assurance Committee of 11 November 2009 were submitted and approved.

5. Chair's introduction

The Chair reported on a number of items:

- Presentations at conferences on Asset Management and Shared Services.
- Scrutiny co-ordination strategic group meeting on 19 November. Bill McQueen is now a member of the Strategic Group.
- Meeting with Mr Kenny MacAskill MSP, Cabinet Secretary for Justice with Bill Skelly, HMICS and Caroline Gardner regarding the joint Best Value and inspection report on Tayside Police.

The position was noted.

6. Update report by the Controller of Audit

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

- Local government audits
- Parliamentary Committees
- Provisional local government finance settlement for 2010 -11
- Sir John Arbuthnott's report for the Clyde Valley Partnership
- Audit Commission reports.

The report was noted.

7. Efficient Government programme 2008 -2011: position statement

There was submitted a report by the Director of Public Reporting (Health and Central Government) inviting the Commission to consider and approve the draft joint report on the Efficient Government programme 2008 -2011. The report noted that this is a joint study report by the Accounts Commission and the Auditor General for Scotland.

During discussion, the following points were noted:

- It is important to note that the efficiency savings set out in the report have not been validated. Paragraph 2 of the draft report makes this clear and should be highlighted to emphasise the point.
- Key issues include the need for robust efficiency measures, sound baselines and consistent guidelines on reporting.
- There was discussion about the clear distinction between efficiency savings and service cuts and between recurring and non-recurring efficiency savings.
- A more fundamental review of efficiencies will be needed because current targets will not bridge the gap between spending and funding. The report should be clear about the scale of the task ahead.
- Councils should explore other ways of delivering services, including in partnership. Good quality information on costs is essential to inform decisions.
- The report highlights risks associated with managing efficiencies and their impact. The Commission recognised this should be reflected in councils' internal risk management arrangements.
- Agreed that exhibits showing reported efficiency savings by individual councils should be removed from the draft report. It may be possible in the text to group bodies in terms of % savings, in ranges relative to DEL and expenditure. The Commission noted that the chosen denominator can have a significant effect on any calculations.
- In removing the exhibits, the caveats about the quality of reporting should be strengthened.

Thereafter the Commission approved the draft report and noted the publication timetable.

8. Shetland Islands Council – Annual Audit 2008/09

There was submitted a report by the Acting Secretary & Business Manager introducing the Controller of Audit's statutory report on the 2008/09 annual audit of Shetland Islands Council.

The Commission noted the terms of the Controller's report and in discussion also noted other matters arising from the 2008/09 audit as reported in the external auditors' annual audit report.

The Commission noted the options available to it on receipt of a statutory report and that it could direct the Controller to carry out further investigations. The Commission also noted its more general power to require the Controller to report to the Commission with respect to local authority accounts, matters arising from the auditing and the performance by a local authority of its best value duties.

Taking these statutory provisions together, the Commission agreed to request the Controller to undertake further work at Shetland Islands Council and to report back. The Commission requested in the first instance that the Controller submits a paper on the proposed scope of the work. This should include an examination of the background to the audit qualifications, related governance matters and other aspects of performance highlighted in the external auditors' annual audit report.

Action: Controller of Audit to submit paper to the Commission in January 2010 setting out the proposed scope of further audit work.

9. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on BV2 development generally and on the progress of the BV2 pathfinder audits and the BV police pilot audits.

The position was noted.

10. The role of the Accounts Commission in BV2 and related matters

There was submitted a paper by the Acting Secretary & Business Manager to support the Commission's consideration of its role in relation to Best Value and more general points about its engagement with local government.

During discussion, the following points were noted:

- The paper identifies specific points relating to BV2 audits which need to be taken into account during the Commission's ongoing consideration of holding its meetings in public.
- Further work is required to develop points of reference for the Commission to inform its decisions on further audit work and hearings. These should be in the form of guidelines which further promote consistency and transparency and allow flexibility.
- The Commission should continue to meet with councils and further consideration is required on the timing and nature of these meetings.
- A more systematic approach to stakeholder engagement is required and there is scope for the Commission to develop its advocacy role to support improvement, without compromising the Commission's independence which is paramount.
- A programme of presentations from senior people working in or with local government should be established. An earlier programme included presentations from a council Chief Executive but further presentations were postponed due to agenda pressures.

Thereafter, the Commission agreed to continue the discussions and to develop an action plan at its strategy event in March 2010. The Commission agreed that the Secretary & Business Manager, in consultation with the Chair, should identify specific points for discussion at the strategy event and options for taking these points forward

Action: Secretary & Business Manager, in consultation with the Chair, to identify points and options for discussion at the March strategy event.

11. Local government scrutiny co-ordination update report

Nikki Bridle, Assistant Director (Public Reporting) provided a briefing on the Shared Risk Assessment (SRA) process. This included background to actions following the Crerar review of scrutiny, the Commission's role and details of the SRA development work to date.

The Commission noted the presentation with interest and following questions and answers thanked Nikki for her work on this project.

12. Any other business

The following points were noted:

- The Auditor General will attend the Commission meeting on 21 January to present and discuss his recent report on Scotland's Public Finances. The discussion will focus on what this might mean for the priorities and work of the Commission and the AGS. After the meeting the AGS will meet with the five new Commission members as part of their induction.
- The Scottish Government is consulting on specific equalities duties which should be placed on Scottish public authorities to assist them deliver the new general duty outlined in the UK Government's Equality Bill. The deadline for responses is 15 January and the Commission agreed to delegate authority to the Chair to sign off the Commission's response.
- The Commission agreed to move its annual strategy event to 1 and 2 March 2010 to avoid coinciding with the COSLA conference.
- The next Commission meeting is on Thursday 21 January at Audit Scotland's offices at 18 George Street.

The Chair noted that this was Gordon Smail's final Commission meeting as Acting Secretary & Business Manager. The Chair thanked Gordon for his work in supporting the Commission over the past eight months.

AGENDA ITEM 2

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 21 January 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
A Faulds
A Kelbie
J King
I Low
W McQueen
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
R Frith, Director of Audit Strategy (items 13-14)
M Taylor, Assistant Director, Audit Services (item 5)
M Walker, Portfolio Manager (Best Value) Public Reporting (item 5)
C Revie, PricewaterhouseCoopers (item 5)
G Smail, Portfolio Manager, Public Reporting (Local Government) (item 6)
A Clark, Assistant Director, Public Reporting (items 8-11)
S Thompson, Project Manager, Public Reporting (Central Government) (item 12)
A Canning, Assistant Director, Public Reporting (Health and Community Care) (item 12)
C Sweeney, Portfolio Manager, Public Reporting (Health and Community Care) (item 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	South Lanarkshire Council Audit of Best Value and Community Planning
6.	Overview of local authority audits 2008
7.	Best Value audits (a) progress update; (b) list of members for visits to councils
8.	Update on Best Value 2 developments
9.	BV2 – Forming clearer judgements about local authority performance
10.	BV2 – Proposals for Consultation – February 2009
11.	Consultation – Extending the Scope of Application of the Regulators' Compliance Code and the Principles of Good Regulation
12.	Drug and Alcohol service in Scotland
13.	Audit of Housing and Council Tax benefits from April 2008
14.	Moving to a True and Fair View Audit opinion – Revised Auditor's Report
15.	CoSLA Conference/CIPFA Scotland Conference
16.	Strategy Seminar
17.	Post of Secretary

1. Apologies

Apologies for absence were intimated on behalf of Michael Docherty.

2. Minutes

The minutes of meeting of 17 December 2008 were submitted and approved.

3. Chair's Introduction

The Chair reported that he had meetings arranged with Richard Kerley and with Pat Watters and Rory Mair from CoSLA.

4. Report by the Controller of Audit

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

- Scrutiny Improvement Programme
- Single Outcome Agreements
- Local Government sector plan and PRF
- Parliamentary Audit Committee
- Audit Commission reports

The position was noted and it was agreed that copies of the transcripts of the briefing by the Auditor General to the Public Audit Committee on 4 February be circulated to all members.

[Action – copies of briefings to be circulated – Caroline Gardner]

5. South Lanarkshire Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the best value audit of South Lanarkshire Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the best value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Overview of local authority audits 2008

There was submitted a report by the Secretary introducing the Controller of Audit's report on issues arising from the audits of local authorities in 2008. The Controller of Audit's report was made to the Commission under Section 102(i) of the Local Government (Scotland) Act 1973.

Following discussion the Commission agreed:-

- (i) to make findings as contained in Appendix 2 to these minutes, and
- (ii) that consideration be given to appropriate means of publicising the report and findings, including briefings by the Chair to parliamentary committees, use of the media and briefing the leadership forum of CoSLA.

[Action – any suggestions for publicising report to be submitted to Secretary – all members]

7. Best Value Audits – progress update

There were submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits and a list of Commission members to visit councils following consideration of Best Value Audit reports.

8. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan and introducing papers on forming clearer judgements about local authority performance and consultation with stakeholders.

The Commission agreed to note the progress of the Best Value 2 programme plan.

9. Best Value 2 – Forming clearer judgements about local authority performance

With reference to item 9(b) of the minute of meeting of the Commission of 15 October 2008, there was submitted a report by the Director of Public Reporting (Local Government) setting out further proposals regarding forming clearer judgements about local authority performance. The Commission was asked to re-affirm its commitment to there being no league tables of councils and the report proposed that judgements on “pace and direction of travel” and “capacity for future improvement” be introduced at council level as part of BV2. Options were set out as to how these judgements could be expressed.

Following discussion the Commission agreed:-

- (i) To re-affirm its position that there would be no “league tables” for the purposes of the next round of Best Value 2 consultation.
- (ii) To approve the proposal that two related but distinct improvement judgements be introduced as part of Best Value 2 –
 - A “direction of travel” judgement, based on the council’s track record in securing continuous improvement in its services
 - A “capacity for future improvement” judgement, based on the prospect of further improvement.

Further consideration would be given to the language in which these judgements were expressed and to the way in which the evidence bases were phrased.

- (iii) To approve option 3 of the options for BV2 audit assessment and reporting – namely a BV2 audit assessment which combines (a) standardised and codified audit judgements for elements of the BV2 audit assessment, and (b) narrative and largely bespoke judgements on the underpinning audit evidence.
- (iv) To approve the proposal that corporate assessment audit judgements be expressed as narrative judgements rather than graded judgements, with consistent language to be used in all BV reports.

- (v) To note the need for further work to take place with service inspectorates to develop a coherent framework for service reporting which reflected the collective commitment to more proportionate and risk based approaches to audit and inspection activity which would be piloted as part of the BV2 pathfinder process, and
- (vi) To accept that it was not appropriate at this stage of the development of SOAs to introduce a formal assessment on the extent to which an individual council (and its partners) were delivering effective outcomes for local citizens.

10. Best Value 2 – Proposals for Consultation

There was submitted a preliminary draft paper which set out a potential approach to developing the Best Value 2 consultation paper. The paper had been prepared as a stand-alone document, providing an overview of the background to Best Value, current thinking on BV2 and the relationship between BV2 and the ongoing scrutiny reform/streamlining agenda. It was intended that the paper would be refined and developed for the Commission's strategy seminar and meeting in February.

It was noted that a shortened version of the paper would be produced together with a "route map" to the fuller paper, and agreed that another shortened version of the document in plain language should be produced for public consultation. It was considered important to make clear that the consultation was on the approach to Best Value rather than on language.

It was agreed to note a number of detailed points of drafting and that any other drafting points be submitted to Antony Clark and noted that a further version of the document would be submitted to the next meeting for further consideration.

[Action – submission of updated document – David Pia]

11. Consultation – Extending the Scope of Application of the Regulators' Compliance Code and the Principles of Good Regulation

There was submitted a report by the Director of Public Reporting (Local Government) advising of the current consultation by the Department for Business Enterprise and Regulatory Reform on extending the scope of the regulation of the Regulators' Compliance Code and the Principles of Good Regulation. It was proposed to extend the duty to have regard to the code and principles to specified regulatory functions of local authorities in Scotland where these functions concerned matters which were reserved to the UK Parliament. It was suggested that the Commission should endorse such an extension in its response to the Consultation.

It was agreed to welcome the proposal in the Consultation paper and remitted to the Chair to respond to the Consultation document accordingly.

[Action – letter in response to Consultation – David Pia /Chair]

12. Drug and Alcohol services in Scotland

There was submitted a report by the Director of Public Reporting (Health and Central Government) with attached a draft report and key messages document on Drug and Alcohol services in Scotland. This was a joint report on behalf of the Accounts Commission and the Auditor General and the key messages summary had been considered by the Performance Audit Committee at its meeting in December 2008.

It was noted that there were still some gaps in the report pending a Scottish Government announcement of changes to partnership arrangements and performance management systems and that work was continuing on simplifying the presentation of data, finalising the wording of case studies and validating the data.

During discussion the following points were made:-

- With regard to paragraph 87 it should be noted that drug and alcohol misuse was not set as a priority in the Concordat
- In para 133 it should be noted that ADPs should be held accountable through the community planning partnerships
- There should be stronger reference to the impact of these problems on the economy of Scotland
- The wording of “investment” by Scottish Government should be changed to “expenditure”.

The Commission commended the project team for producing a well-written and comprehensive report which should help to improve services across Scotland.

Thereafter the Commission agreed to approve the report and key messages document, subject to the above comments, and delegated to Adrienne Kelbie and Iain Robertson as the report sponsors to approve the report, for final approval by the Chair and Auditor General.

13. Audit of Housing and Council Tax benefits from April 2008

There was submitted a report by the Director of Audit Strategy advising that Audit Scotland’s new housing and council tax benefits audit work had been completed in 12 councils during the period from April to December 2008. The report gave details of the risk assessment exercise and set out the main issues which had arisen from the risk assessments carried out to date.

The Commission agreed to note the report.

14. Moving to a True and Fair View Audit opinion – revised Auditor’s Report

There was submitted a report by the Director of Audit Strategy seeking the Commission’s approval for a revised auditor’s report to reflect a move across UK local government from a “presents fairly” opinion to a “true and fair view” opinion. The proposed revised form of auditor’s report was attached as appendix 1 and it was noted that the change of form of the opinion would have no impact on the cost of the auditors.

The Commission agreed to approve the form of local government auditor’s report to be used for the audits of accounts for 2008/09 onwards.

15. CoSLA Conference/CIPFA (Scotland) Conference

There were submitted programmes for the CoSLA Conference to be held on 4-6 March 2009 and the CIPFA (Scotland) Conference to be held on 19-20 March 2009.

It was agreed that those members wishing to attend a conference should submit their names to the Secretary.

16. Strategy Seminar

It was noted that the Commission's strategy seminar was to take place on 11-12 February at Balbirnie House Hotel, Markinch.

17. Post of Secretary

It was noted that Catherine Coull had intimated her wish to resign from the post of Secretary to Commission with effect from 31 May at the latest.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the Balbirnie House Hotel, Markinch on Thursday, 12 February 2009, at 11am

PRESENT: J Baillie (Chair)
M Ash
M Docherty
A Faulds
A Kelbie
J King
I Low
W McQueen
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
A Clark, Assistant Director, Public Reporting
F McKinlay, Assistant Director (Best Value), Public Reporting (items 5-8)
L McGiffen, Portfolio Manager (Best Value), Public Reporting (item 5)
N Bennett, Scott-Moncrieff (item 5)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Fife Council - Audit of Best Value and Community Planning
6.	Best Value audits progress update
7.	Update on Best Value 2 progress
8.	Best Value across the public sector

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke.

2. Minutes

The minutes of meeting of 21 January 2009 were submitted and approved.

3. Chair's Introduction

The Chair reported that:-

- The process for the appointment of new members to the Commission was now underway and it was hoped that interviews would be held in late June
- The next meeting with scrutiny bodies had been arranged for 12 March
- Work was in hand to prepare for publication of the Local Government Overview Report
- Arrangements had been made for himself and Caroline Gardner to visit the Audit Commission and meetings had been arranged with SOLACE and CoSLA.

The position was noted

4. Report by the Controller of Audit

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

- Single Outcome Agreements
- Public Service Reform Bill
- HMICS Independent Review of Policing in Scotland
- Parliamentary Public Audit Committee
- Audit Commission reports

The position was noted.

5. Fife Council – Audit of Best Value and Community Planning

Douglas Sinclair declared an interest in this item as a former Chief Executive of Fife Council. He left the room and took no part in its consideration.

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the best value audit of Fife Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the best value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

7. Update on Best Value 2 progress

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan.

8. Best Value across the public sector

There was submitted a report by the Controller of Audit detailing the responsibilities currently placed on public sector bodies in respect of best value.

The Commission agreed to note the report and that a further report would be submitted in due course on how best value could be audited across all public sector bodies and how that could contribute to assessing the performance of partnerships.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh, on Wednesday, 4 March 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
A Faulds
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
F McKinlay, Assistant Director (Best Value), Public Reporting (items 1-10)
S Diggle, Portfolio Manager (Best Value), Public Reporting (item 5)
L Bradley, Director, Audit Services (Local Government)
P Tait, Assistant Director, Audit Services (Local Government) (item 5)
E Barrowman, Senior Audit Manager, Audit Services (Local Government) (item 5)
T Yule, Improvement Advisor, Public Reporting (Local Government) (items 9 and 10)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes
4.	Chair's Introduction
5.	Dumfries and Galloway Council – Audit of Best Value and Community Planning
6.	Argyll and Bute Council - Best Value follow-up report
7.	Best Value audits progress update
8.	Update on Best Value 2 developments
9.	Independent Review of Policing in Scotland by HMCICS
10.	Best Value in Police – Consultation Process and Selection of Pilots
11.	Audit Scotland Financial and Performance Information
12.	Strategy Seminar

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke, Michael Docherty, Adrienne Kelbie and Bill McQueen.

2. Declarations of Interest

It was noted that no declarations of interest were made.

3. Minutes

The minutes of meeting of 12 February 2009 were submitted and approved.

4. Chair's Introduction

The Chair reported on a number of items as follows:

- Both he and the Controller of Audit had met with the Chief Executive and Chair of the Audit Commission to discuss matters of mutual interest
- The next meeting with scrutiny bodies would be held on 12 March
- Meetings had been arranged with SOLACE and CoSLA
- He was to give a briefing to the Public Audit Committee of Parliament on the local authority overview report
- He was to be speaking at a conference on scrutiny reform
- Advertisements for new members of the Commission and a new Deputy Chair would appear in the press on 27 and 29 March

The position was noted

5. Dumfries and Galloway Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of Dumfries and Galloway Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value Audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Argyll and Bute Council – Best Value follow-up report

With reference to item 6 of the minute of meeting of the Accounts Commission of 19 November 2008 there was submitted and noted a report to the Council by the Chief Executive on the findings in the Best Value Audit follow-up report, together with a copy of the council's decision and its improvement plan.

7. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

8. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan. Dates were currently being identified for consultation meetings with councils to take place in late May/early June and all members of the Commission were encouraged to attend if possible.

The position was noted.

9. Independent Review of Policing in Scotland by HMCICS

There was submitted a report by the Director of Public Reporting (Local Government) summarising the key points in the report published in January of the Independent Review of Policing in Scotland carried out by HM Chief Inspector of Constabulary.

The Commission agreed to note the report and the recommendations arising from the HMCICS Independent Review of Policing in Scotland, and expressed the hope that Audit Scotland would be included on the Policing in Scotland steering group.

10. Best Value in Police – Consultation Process and Selection of Pilots

There was submitted a report by the Director of Public Reporting (Local Government) setting out a recommended approach for consulting with key stakeholders on the proposed approach to Best Value audits of police authorities and forces by the Accounts Commission and HMCIC. The report also set out a timetable for undertaking and evaluating pilot audits during 2009 and proposals on the selection of pilot sites for consideration by the Commission.

Discussion took place on the draft consultation paper and it was agreed that wording should be clarified in paragraphs 3.4 and 3.6 particularly, with regard to the respective responsibilities of Chief Constables and Police Authorities and to clarify that Chief Constables were not subject to a duty of Best Value. With regard to Appendix 2 – Characteristics of a Best Value Police Authority – it was agreed that any specific comments should be emailed to David Pia.

Thereafter the Commission agreed to approve the proposed consultation approach, timetable and pilot sites subject to the above comments.

11. Audit Scotland Financial and Performance Information

There was submitted a report by the Director of Corporate Services detailing the Quarter 3 Audit Scotland Financial and Performance information.

The report was noted and it was agreed that consideration be given at a future meeting to how performance information more specific to the Accounts Commission could be developed.

[Action – future agenda item on performance information – Chair/Secretary]

12. Strategy Seminar

There were submitted notes of the key themes emerging from the Accounts Commission's recent strategy seminar and of the review of 2008/09, as prepared by Jim King and Adrienne Kelbie.

The reports were noted and it was agreed that action points be prepared from the notes. It was also agreed that consideration be given at the Commission's April meeting to the practicalities of Commission meetings being held in public.

[Action – preparation of action points – Jim King/Adrienne Kelbie; report on practicalities of meeting in public – Secretary]

13. Next Meeting

It was noted that the next meeting was scheduled for 18 March and agreed that it would commence at 9.30am.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh, on Wednesday, 18 March 2009, at 9.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
A Faulds
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)
C Coull, Secretary
F McKinlay, Assistant Director (Best Value), Public Reporting (items 7-13)
M McCabe, Best Value Performance Auditor, Public Reporting (item 7)
P Tait, Assistant Director, Audit Services (item 7)
A Haseeb, Senior Audit Manager, Audit Services (item 7)
F Mitchell-Knight (item 8)
B Howarth, Senior Audit Manager, Audit Services (item 8)
R Nicol, Assistant Director, Public Reporting (item 14)
B Hall, Portfolio Manager, Public Reporting (item 14)
J Lincoln, Project Manager, Public Reporting (item 14)
B Hurst, Director of Public Reporting (NHS and Central Government) (item 15)
C Sweeney, Portfolio Manager, Public Reporting (item 15)
J Matthew, Project Manager, Public Reporting (item 15)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes
4.	Performance Audit Committee
5.	Chair's Introduction
6.	Update Report by the Controller of Audit
7.	South Ayrshire Council – Audit of Best Value and Community Planning
8.	Glasgow City Council - Best Value Audit follow-up report
9.	Shetland Islands Council – statutory report on Annual Audit 2007/08
10.	Best Value Audits – progress update
11.	Updates from Best Value 2 developments
12.	Best Value 2 – Draft Consultation paper
13.	Best Value 2 – Pathfinder Audits and Shared Risk Assessment Development Site Selection
14.	Asset Management in Local Government
15.	Overview of Mental Services in Scotland
16.	Next Meeting

1. Apologies

Apologies for absence were intimated on behalf of Adrienne Kelbie and Jim King.

2. Declarations of Interest

Ann Faulds declared an interest in item 9 as her firm had acted for Shetland Islands Council.

3. Minutes

The minutes of meeting of 4 March 2009 were submitted and approved.

4. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 26 February 2009 were submitted and the recommendations contained therein were approved.

5. Chair's Introduction

The Chair reported on a number of items as follows:

- He had given a presentation to a conference on scrutiny in Scotland
- Dates had now been arranged for meetings with SOLACE and COSLA
- Arrangements were being made for a meeting with HMCIC
- He was to appear before the Public Audit Committee of Parliament the following week regarding the local government overview report
- A further meeting of the scrutiny bodies had been held the previous week.

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:-

- Local Government scrutiny co-ordination
- Single Outcome Agreements
- National Fraud Initiative
- Scottish Parliament Equal Opportunities Committee
- Association of Local Government auditors
- Parliamentary Public Audit Committee
- Audit Commission reports.

It was noted that a further report on scrutiny co-ordination would be submitted to the next meeting.

7. South Ayrshire Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of South Ayrshire Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

8. Glasgow City Council - Best Value Audit follow-up report

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit progress report at Glasgow City Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 2 to these minutes.

9. Shetland Islands Council – statutory report on Annual Audit 2007/08

With reference to item 10 of the minute of meeting of the Commission of 17 December 2008 there was submitted a copy of a report by the Chief Executive of Shetland Islands Council to his Council on 18 February 2009.

It was noted that action was being taken in implementation of the Commission's findings.

10. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

11. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan. The report indicated that the improvement plan was now substantially implemented and that future reports of progress to the Commission would be based upon a revised set of objectives which better reflected current activities.

The report also introduced a further draft of the Best Value 2 Consultation document which included documents on the proposed characteristics of a Best Value Council, a draft equalities auditing framework and a draft sustainability audit framework.

The Commission agreed to note the progress of the Best Value 2 improvement plan.

12. Best Value 2 – Draft Consultation paper

With reference to item 10 of the minutes of meeting of 21 January 2009 there was submitted a further version of the proposed consultation paper together with a summary document.

During discussion the following points were made:-

- Some minor amendments were needed to the tone of the document, and particularly to the Foreword, to emphasise that views of respondents were sought on the proposals
- The Foreword and Introduction should clarify the roles and relationship of the Accounts Commission and Audit Scotland

- Consideration should be given to references to Audit Scotland, and these should be reworded to “we” or “partners in audit” where appropriate
- Stress should be laid on the need for continuous improvement
- It was agreed that the audits should continue to be entitled Best Value Audits, with the use of a sub title such as, possibly, “how council is improving”
- Wording on page 5 of the summary document should be changed as follows – BV2 will introduce clearer judgements of council performance against the characteristics of a Best Value council; BV2 will include a clearer assessment of how council services perform and how well they use their resources; BV2 will listen more closely to what local people have to say and what opportunities they are given to make their views known; BV2 will make reports more accessible to the public
- Page 6 of the summary document (and the main document) should clarify that BV2 will involve external senior officers and elected members in audit teams
- Para 77 of the consultation document should make clearer that the proposals are to continue the current role of the Accounts Commission and that the Commission welcomes any views of respondents on this role. The first consultation question should be changed to read “would you like to see any changes in the role of the Accounts Commission? If so, what?”
- The wording in para 75 “the broader service coverage” should be clarified
- The section on Governance and Accountability on page 8 of the summary document should include reference to effective scrutiny arrangements
- The word “always” should be deleted from the last line of para 80 of the consultation document and para 81 should begin “we believe that these processes work well”
- The references to self evaluation should clarify that a risk based approach to Best Value audit depends on the quality of a council’s self evaluation.

Thereafter it was agreed as follows:-

- i. to approve the consultation document and summary document subject to the above comments and to any further drafting points which should be submitted to the Best Value team by 20 March as the draft was due to go to print on 23 March;
- ii. that consideration be given to the consultation document including everything on which views were sought, depending on the size of appendices;
- iii. that the consultation conclude at the end of May;
- iv. to delegate to the Chair to approve the final version of the documents.

The Chair thanked the officers involved for producing such a well written document.

(Action – amendments to documents – pass to Chair for approval – David Pia)

13. Best Value 2 – Pathfinder Audits and Shared Risk Assessment Development Site Selection

There was submitted a report by the Director of Public Reporting (Local Government) recommending 5 preferred Best Value 2 Pathfinder sites and 4 shared risk assessment development sites. Details were given of the selection criteria for each category.

The Commission agreed to approve the Pathfinder sites and shared risk assessment development sites.

14. Asset Management in Local Government

There was submitted a report by the Director of Public Reporting (Local Government) with attached a draft report and key messages document from the national study on Asset Management in Local Government. The overall aim of the study was to evaluate the extent to which councils managed their assets to ensure effective service provision and achieve value for money. The study focussed on property assets which made up the majority of council assets.

During discussion the following points were made:-

- Consideration should be given to adding in a recommendation that local authorities should work together to produce a standard measure regarding the suitability of their assets
- Paragraph 73 should be expanded to clarify that consideration of maintenance backlogs in property and roads maintenance should be at the centre of the corporate management process
- The correlation between exhibits 2 and 4 should be clarified
- The report should make reference to the downturn in the economy leading to a possible downturn in maintenance. This would be false economy and would lead to higher costs at a later stage. Reference should be made to active dynamic asset management being part of the solution to efficiency savings
- The reference in paragraph 25 of the summary to less than two thirds of councils having an elected member with specific responsibility for this area should be deleted and replaced with a reference to the need for effective scrutiny. The lack of engagement by elected members in this area should be specifically highlighted in the media briefing.

Thereafter the Commission agreed to approve the report and key messages document subject to the above comments.

15. Overview of Mental Health Services in Scotland

There was submitted a report by the Director of Public Reporting (Health and Central Government) with attached a draft report and key messages document on the overview of mental health services in Scotland. This was a joint report on behalf of the Accounts Commission and the Auditor General. In addition to the report and key messages documents it was intended to publish a supplementary report on user and carer views which would summarise findings from the focus group work. A summary of good practice examples from around Scotland would also be published on the Audit Scotland website.

Discussion took place on a number of issues arising from the draft report and it was noted that some of the wording of the report had still to be checked or amended slightly. Given that this was an overview report consideration was being given to identifying areas that would be appropriate for further investigation.

Thereafter the Commission agreed to approve the report and key messages document.

16. Next Meeting

It was noted that the next meeting was scheduled for 15 April at 10.30am.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE REPORT ON SOUTH AYRSHIRE COUNCIL

FINDINGS

The Commission accepts this report on the performance of South Ayrshire Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

The Commission is concerned to note the position at South Ayrshire as set out in the Controller of Audit's report. The council has made limited progress towards delivering best value and faces severe financial pressures which pose significant risks and which will make it more challenging for the council to make the improvements needed.

We note that some services perform well and that joint working is producing some positive outcomes in disadvantaged neighbourhoods. We also note that recent appointments at a senior level and more effective cross-party working amongst members are leading to improvements in leadership and we recognise that the council has developed a greater self awareness of its weaknesses.

However, there are a number of areas of concern. In particular we would draw attention to the following matters:

- The serious financial situation of the council resulting from inadequate financial planning over a number of years.
- The lack of a culture of continuous improvement.
- The council does not manage its resources, risks and performance effectively and lacks a toolkit for Best Value and an effective system of performance management.
- The need to develop community planning and joint working with partners and neighbouring councils.
- The lack of clarity in the roles of members and officers and the need for both elected members and senior officers to establish more effective corporate working and leadership.
- There is little effective scrutiny of performance by members.
- The lack of consistent, good quality customer care.

South Ayrshire is a council which is facing a significant number of hard decisions for the future. We urge the council to give priority to putting in place an effective system of performance management, and to developing and using to the full the basic building blocks needed to achieve best value and to address its financial position. We look forward to receiving from the council an improvement plan which addresses the weaknesses identified in these findings and in the Controller of Audit's report.

We require a further report from the Controller of Audit on the position of the council as at March 2010.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE FOLLOW-UP REPORT ON GLASGOW CITY COUNCIL
FINDINGS

In December 2005 the Accounts Commission considered the Controller of Audit's report on the best value audit of Glasgow City Council and required the Controller of Audit to make a further follow-up report on the council's progress. We accept 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 does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

When we made our findings in 2005 we said that we were encouraged by the rate of improvement which the council had made over recent years. We are now pleased to acknowledge that the council has continued to make good progress, with 12 of the 14 themes in its improvement plan either implemented or on target for implementation. We are also encouraged that the improvements being made have led to better outcomes for the people of Glasgow, particularly with increases in educational attainment levels and a reduction in unemployment.

We note, however, that some significant issues still need to be addressed in respect of the council's management and development of its employees, and that the statutory performance indicators and inspection reports show a mixed picture of the performance of services. We also note the slippage in certain areas of the council's improvement plan. We would urge the council to address these issues, together with the other areas highlighted in the report by the Controller of Audit.

We consider that Glasgow City Council is well placed to build on its current performance and we look forward to the council maintaining its momentum and continuing to improve.

AGENDA ITEM 3

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

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
A Kelbie
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)
C Coull, Secretary
F McKinlay, Assistant Director (Best Value), Public Reporting (items 7-12)
C Calder, Portfolio Manager (Best Value), Public Reporting (item 7)
G McRae, KPMG (item 7)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes
4.	Financial Audit and Assurance Committee
5.	Chair's Introduction
6.	Update Report by the Controller of Audit
7.	East Dunbartonshire Council – Audit of Best Value and Community Planning
8.	South Lanarkshire Council - Best Value Audit
9.	Best Value Audits – progress update
10.	Update on Best Value 2 developments
11.	Local Government Scrutiny Co-ordination update
12.	Framework for Joint Working between the Accounts Commission, Auditor General and Audit Scotland
13.	Meeting in Public – issues for consideration
14.	Next Meeting

1. Apologies

Apologies for absence were intimated on behalf of Ann Faulds.

2. Declarations of Interest

Michael Docherty declared an interest in item 8 as a former Chief Executive of South Lanarkshire Council. He left the meeting during consideration of that item.

3. Minutes

The minutes of meeting of 18 March 2009 were submitted and approved, subject to the fifth bullet point in item 12 (Best Value 2 – draft consultation paper) being amended to read “it was agreed that the audits should continue to be entitled Best Value Audits, with the use of a sub-title such as, possibly, “how.....council is improving”.

[Action – amendment to minute – Catherine Coull]

4. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 11 March 2009 were submitted and the recommendations contained therein were approved. It was noted that discussion had also taken place on the risks involved in utilising capital resources for revenue purposes.

5. Chair's Introduction

The Chair reported on a number of items as follows:-

- Together with Paddy Tomkins, HMCIC, he had met with Police Board Conveners to discuss Best Value
- An article had appeared in Holyrood magazine
- He had given evidence to the Public Audit Committee on the overview of local authority audits
- He had held meetings with representatives of CoSLA and SOLACE
- The letter of information on scrutiny co-ordination progress had been issued.

He also advised, with considerable regret, that Michael Docherty had intimated his intention to resign from the Commission due to his work in Northern Ireland.

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:-

- Single Outcome Agreements
- Strategic Audit Risk Analysis
- Peer Review of the Wales Audit Office
- Parliamentary Public Audit Committee
- Audit Commission reports

7. East Dunbartonshire Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of East Dunbartonshire Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

8. South Lanarkshire Council - Best Value Audit

There was submitted a copy of the report to the Council by its Chief Executive on 25 March 2009, incorporating the Council's improvement action plan, and minute of the meeting.

The position was noted.

9. Best Value Audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

10. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the development of Best Value 2. Attached to the report was an overview of the remaining BV2 programme plan development area, key implementation milestones linked to the BV2 consultation process, BV2 pathfinders and pilot police BV audits.

The Commission agreed:-

- (i) to note the progress of the development of Best Value 2,
- (ii) that leaders of the opposition on councils be invited to attend the consultation meetings on Best Value 2, and
- (iii) to approve the format of the report for future progress update reporting.

11. Local Government Scrutiny Co-ordination update

There was submitted a report by the Controller of Audit advising of the developments in respect of the scrutiny co-ordination work which was being carried out under the Accounts Commission gate-keeping role.

The report gave details of the Scottish Government's response to the recommendations of the five fixed term action groups; an update of the work of the scrutiny improvement board; information regarding the progress of the strategic group and operational group; and a list of development activity and challenges being faced.

The development of local networks was noted and it was agreed that this collaboration was needed at all levels of the various scrutiny bodies. The commitment by Government to legislate for a duty to collaborate was welcomed and it was noted that this would be underpinned by an appropriate protocol.

Following considerable discussion the Commission agreed to note the report and that further update reports would be submitted as appropriate. Thanks were expressed to the staff of Audit Scotland who had carried out such a considerable amount of work to get to this position.

12. Framework for Joint Working between the Accounts Commission, Auditor General and Audit Scotland

There was submitted a report by the Controller of Audit referring to the decision of the Commission at its strategy seminar in February that the framework for joint working between the Accounts Commission, the Auditor General and Audit Scotland should be reviewed and updated. Attached to the report was a draft updated framework which had been approved by the Audit Scotland Board.

The Commission noted and welcomed the proposals by Government to legislate to improve the governance arrangements regarding the appointment of members to the Board of Audit Scotland.

The Commission agreed, for its interest, to approve the revised framework for joint working, subject to the fifth bullet point under Working Arrangements being altered to read: "The Audit Scotland Accountable Officer (currently the Auditor General) will attend Accounts Commission meetings at least annually".

[Action – amendment to document – Caroline Gardner]

13. Meeting in Public – issues for consideration

There was submitted a report by the Secretary referring to the decision of the Commission on 4 March 2009 that consideration be given to the practicality of Commission meetings being held in public. The report set out a number of issues for consideration in this regard and suggested that a review of the arrangements take place after six months.

Following considerable discussion, it was agreed that the Chair would nominate two members to liaise with other members in discussing the issues further and report back to a future meeting'

[Action – nomination of members – Chair]

14. Next Meeting

It was noted that the next meeting was scheduled for 13 May at 10.30am.

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh, on Wednesday, 13 May 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
A Faulds
A Kelbie
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)
C Coull, Secretary
G Smail, Portfolio Manager, Public Reporting (Local Government)
T Yule, Local Government Improvement Advisor, Public Reporting (item 9)
B Hurst, Director of Public Reporting (NHS and Central Government) (item 11)
D Gill, Portfolio Manager, Central Government Core Public Reporting (item 11)
I Coll, Project Manager, Public Reporting (Central Government) (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Declarations of Interest
2.	Minutes
3.	Performance Audit Committee
4.	Chair's Introduction
5.	Update Report by the Controller of Audit
6.	South Lanarkshire Council – Best Value Report
7.	Fife Council - Best Value Audit
8.	Update on Best Value developments
9.	Consultation on Best Value Audits and Inspections of Police
10.	Local Government Scrutiny Co-ordination Update Report
11.	Key Messages and Draft Report: Improving Public Sector Purchasing in Scotland
12.	Audit Scotland Financial and Performance Information: Q4 and Year End January-March 2009
13.	Other Business

1. Declarations of Interest

Michael Docherty declared an interest in item 6 as a former Chief Executive of South Lanarkshire Council. He left the meeting during consideration of that item.

Douglas Sinclair declared an interest in item 7 as a former Chief Executive of Fife Council. He left the meeting during consideration of that item.

2. Minutes

The minutes of meeting of 15 April 2009 were submitted and approved. With reference to item 13 of the minutes the Chair advised that he had asked Iain Robertson and Mike Ash to consider the issues involved in the Commission meeting in public.

3. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 22 April 2009 were submitted and the recommendations contained therein were approved.

4. Chair's Introduction

The Chair reported on a number of items as follows:-

- Follow-up meetings had been held with South Lanarkshire, Fife and Dumfries and Galloway Councils
- The reports on Asset Management and the Best Value Audit of East Dunbartonshire Council had been published and the report on Mental Health would be published the following day
- He had chaired a meeting of the scrutiny co-ordination strategic group on 30 April
- He had held meetings with Angiolina Foster and ACPOS.

The position was noted.

5. 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
- Chief Executive appointments
- Audit Commission reports

6. South Lanarkshire Council –Best Value Report

There was submitted a note of the follow-up meeting with South Lanarkshire Council which had taken place on 16 April 2009.

The report was noted.

7. Fife Council - Best Value Audit

There were submitted the Fife Council Best Value Improvement Plan and an extract from the Fife Council meeting when the Best Value Report had been considered.

The position was noted.

8. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of Best Value 2 and other Best Value developments. Appendix 1 to the report gave an overview of the remaining BV2 programme plan development areas, key implementation milestones linked to the BV2 Consultation process, BV2 pathfinders and pilot Police BV audits.

The position was noted, and it was agreed that the issue of plain language in Best Value reports should be discussed at the consultation meetings on BV2.

(Action – discussion at consultation meetings – Chair/ David Pia)

9. Consultation on Best Value Audits and Inspection of Police

There was submitted a report by the Director of Public Reporting (Local Government) providing a summary of the responses which had been received to the Consultation on the Best Value Audit and Inspection of Police. Details were given of the main issues raised during the Consultation and at meetings, and it was considered that no substantial issues had been raised that would affect the approach proposed for the pilot audits and inspections. A report would be brought to the Commission later in the year with the results of the evaluation of the pilots and consideration could then be given with HMIC to the future implementation of the audits.

Discussion took place in particular on appropriate comparators for aspects of the police service.

The position was noted.

10. Local Government Scrutiny Co-ordination Update Report

There was submitted a report by the Controller of Audit advising of the work being carried out by the scrutiny improvement programme board, the strategic group and the operational group and setting out the development activity currently underway. Attached to the report was a copy of the Controller of Audit's quarterly update report to the Cabinet Secretary for Finance and Sustainable Growth.

Discussion took place on the progress in this regard. With reference to the Accounts Commission role in relation to improvement it was noted that under Best Value 2 more consideration would be given to systematically identifying and highlighting good practice. It was pointed out that the need for efficient and effective performance management systems should be stressed at the consultation meetings on BV2.

Thereafter the position was noted.

(Action – discussion at consultation meetings – Chair/ David Pia)

11. Key Messages and Draft Report: Improving Public Sector Purchasing in Scotland

There was submitted a report by the Director of Public Reporting (NHS and Central Government) with attached the Key Messages summary and report for the joint Accounts Commission/Auditor General's report on Improving Public Sector Purchasing in Scotland.

During discussion a number of points were made:-

- Concern was expressed that there was limited data to support analysis of purchasing performance and that the level of savings claimed could not be validated
- The report should include a clearer definition of a saving, to show whether costs could be compared between years. It was agreed that a short paragraph would be included on efficiencies, with reference to the guidelines on Best Practice Indicators
- It was considered that this report reflected previously identified failures in public policy in an inability to translate policy into practice, a lack of performance management, a lack of robust cost/benefit analysis etc. In this regard Barbara Hurst advised that she was working on a list of the key themes from reports for submission to the Public Audit Committee
- Concern was expressed that it was not possible to measure whether there was any benefit to the Scottish economy overall. Government needed to focus attention on what the encouragement to move to more centralised purchasing would mean for local businesses at a difficult time in the economy
- Reference should be made to this report in the study being carried out on Efficiencies in the Public Sector and the link between the two studies should be highlighted
- Reference should be made in the report to the need for the public sector to recruit high quality procurement professionals
- The report should reflect the considerable change in attitude needed for a move to centralised purchasing, and refer to change management in this regard
- The report should be enhanced by the inclusion of the benefits of a good procurement strategy, and the consequences of failure in this regard in the current difficult financial climate

Thereafter the Commission agreed to approve the Key Messages summary and report, subject to the comments set out above.

(Action – amendments to document – Barbara Hurst)

12. Audit Scotland Financial and Performance Information: Q4 and Year End January-March 2009

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland for the period from January to March 2009. It was noted that work was underway to produce a new set of indicators, flowing from the Audit Scotland corporate plan.

The report was noted.

13. Other Business

- The Chair reported on the consideration being given by the SCPA to the governance of Audit Scotland and advised of the provisions which were likely to appear in the Public Services Reform Bill
- The Chair reported that Gordon Smail would cover the Secretary's post meantime and that an advert was being placed that week for the recruitment of a person to fill the post on a full-time basis. Interviews would be held in July
- The Chair expressed grateful thanks to Catherine Coull for her work and considerable support during her time as Secretary to the Accounts Commission.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday 17 June 2009, at 10.30am

PRESENT: J Baillie (Chair)
O Clarke
M Docherty
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
L McGiffen, Portfolio Manager (Best Value) (item 9)
G Macrae, KPMG (item 9)
R Nicol, Assistant Director, Public Reporting (Local Government) (item 14)
B Lancaster, Project Manager, Public Reporting (Local Government) (item 14)
R Frith, Director of Audit Strategy (item 15)
L Meahan, Chair of Diversity and Equality Steering Group (item 16)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 13 May 2009
4.	Minutes of Financial Audit and Assurance Committee 27 May 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Fife Council – note of Best Value follow-up meeting
8.	Dumfries & Galloway Council – note of Best Value follow-up meeting
9.	West Dunbartonshire Council – Best Value follow-up report
10.	Update on BV2 developments
11.	BV2 - outcome and performance analysis framework
12.	BV2 – developing a more citizen focused audit
13.	Local government scrutiny coordination update report
14.	Improving civil contingencies planning in Scotland – draft study report
15.	Joint statement on the principles for the audit of public sector bodies
16.	Gender equality scheme annual report on progress
17.	Other business

1. Apologies for absence

Apologies for absence were intimated from Michael Ash and Adrienne Kelbie.

2. Declarations of interest

Douglas Sinclair declared an interest in item 7 as a former Chief Executive of Fife Council. He left the meeting during consideration of that item.

Michael Docherty declared an interest in item 9 as he had previously worked as a consultant with West Dunbartonshire Council. He left the meeting during consideration of that item.

3. Minutes of meeting of 13 May 2009

The minutes of the meeting of 13 May 2009 were submitted and approved. With reference to item 10 of the minutes it was agreed that the reference to 'best practice' should be amended to 'good practice'.

4. Minutes of Financial Audit and Assurance Committee 27 May 2009

The minutes of the meeting of the Financial Audit and Assurance Committee of 27 May 2009 were submitted and approved. The Chair drew members' attention to the report on shared services which provided helpful context on the subject and highlighted potential barriers to sharing services.

5. Chair's introduction

The Chair reported on a number of items:

- BV2 consultation meetings, for which he thanked members for their support
- Briefing session for the Scottish Parliament's Local Government & Communities Committee
- Interview and resulting article in the Public Finance magazine
- Ongoing interviews for a new Depute Chair and members.

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:

- Public Services Reform Bill
- Draft Housing (Scotland) Bill Consultation
- Parliamentary Committees, including progress in relation to joint Accounts Commission/Auditor General reports
- Changes at senior officer level in councils
- Audit Commission reports.

7. Fife Council – note of Best Value follow-up meeting

There was submitted a note of the follow-up meeting with Fife Council which had taken place on 7 May 2009. The report was noted.

8. Dumfries & Galloway Council – note of Best Value follow-up meeting

There was submitted a note of the follow-up meeting with Dumfries & Galloway Council which had taken place on 12 May 2009. The report was noted.

9. West Dunbartonshire Council – Best Value follow-up report

There was submitted a report by the Acting Secretary and Business Manager introducing the report of the Best Value follow-up audit carried out at West Dunbartonshire Council. The follow-up audit 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. The Commission also agreed to seek an early meeting with the Council to discuss the findings.

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

10. Update on BV2 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.

In discussion, further information was provided about the approach in the pathfinder audits and risk assessment. Details were also provided on how consistency is ensured through moderation and challenge.

Thereafter the position was noted.

11. BV2 - outcome and performance analysis framework

There was submitted a report by the Director of Public Reporting (Local Government) providing a summary of the progress to date in establishing a broader range of service performance and outcome data for use in the BV2 pathfinders. The report also highlighted important issues and challenges to be addressed as the pathfinder work is taken forward.

The Commission welcomed the development work and the shifting emphasis from process to outcomes. Thereafter the position was noted.

12. BV2 – developing a more citizen focused audit

There was submitted a report by the Director of Public Reporting (Local Government) setting out proposals for a more robust approach to auditing and reporting on councils' approaches to consulting and engaging with citizens as part of the BV2 pathfinder audits. The report also referred to the establishment of a framework for making more use of available data on citizens' views.

During discussion a number of points were made:

- The planning process requires consultation and can provide evidence about community engagement.
- There need to be clear statements about confidence levels (in a mathematical sense) of different data sources and careful consideration of the reliability of data.

- The definition of the term 'user' needs to be clearer recognising the interests of citizens and taxpayers, including in relation to public performance reporting. Further debate is required.
- Community councils have an important role in community engagement and need to be brought into the analysis.

The Commission noted that a further report on this subject informed by the pathfinder work would be submitted in due course.

13. Local government scrutiny coordination 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. A copy of a letter from the Cabinet Secretary for Finance and Sustainable Growth responding to the Controller of Audit's recent quarterly update was attached, as was a summary of progress against key milestones.

The Controller of Audit indicated that a more detailed paper would be submitted to the Commission in July. Thereafter the Commission noted the position.

14. Improving civil contingencies planning in Scotland – draft study report

There was submitted a report by the Director of Public Reporting (Local Government) with attached key messages and draft report for the joint Accounts Commission/Auditor General performance study report on improving civil contingencies planning in Scotland.

During discussion it was agreed that there needed to be a clearer distinction between planning for emergencies and dealing with emergencies. Thereafter the Commission agreed to approve the key messages summary and report, subject to the comment above.

[Action – amendments to document – David Pia]

15. Joint statement on the principles for the audit of public sector bodies

There was submitted a report by the Director of Audit Strategy updating the Commission on the joint statement on the principles for the audit of public sector bodies in Scotland. The Commission noted the position and approved the revised statement.

16. Gender equality scheme annual report on progress

There was submitted a report by the Chair of the Diversity & Equality Steering Group attaching a draft of the Commission's annual report on gender equality.

The Commission approved the draft report and noted that it will be linked to the Audit Scotland progress report and published electronically.

17. Other Business

The Chair noted that this was Michael Docherty's final meeting following Mr Docherty's decision to stand down due to other work commitments. The Chair expressed grateful thanks to Mr Docherty for his hard work and for the considerable insight he had brought to the Commission's business.

**WEST DUNBARTONSHIRE COUNCIL
AUDIT OF BEST VALUE & COMMUNITY PLANNING
PROGRESS REPORT JUNE 2009**

ACCOUNTS COMMISSION FINDINGS

1. When the Accounts Commission published its findings on the Best Value follow-up audit progress report on West Dunbartonshire Council in January 2008 it requested a further report from the Controller of Audit in eighteen months. 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 does not attempt a comprehensive review of all service delivery. We also acknowledge the co-operation and assistance given to the audit process by the Leader and senior officers of the Council.
2. The Commission recognises that a number of services continue to demonstrate good levels of performance. These include education, social work and benefits administration. We also recognise that some progress has been made in other areas, including improved corporate working and increased capacity at senior officer level. This performance demonstrates the positive commitment of Council staff.
3. We find, however, that the Council has made insufficient progress against key improvement priorities identified in the 2008 report. We believe that this is because the relationships between elected members and the nature of the political conflict among elected members are having a negative effect on the operation and development of the Council. Elected members across the political spectrum have not demonstrated the corporate leadership required. There has also been limited progress in developing working relationships between elected members and senior officers. These issues are inhibiting improvement and, until they are resolved, the Council will not achieve the necessary shift in attitude and focus required to deliver best value for the people of West Dunbartonshire.
4. Other councils that have experienced difficulties in implementing best value have benefited from external assistance from the local government community and elsewhere. We therefore recommend that, as a matter of urgency, the Council secures appropriate external support from peers (both members and officers) and others to address these significant problems.
5. We have now published 32 Best Value audit reports and findings, and nine follow-up reports. West Dunbartonshire Council is the only case to date where a follow-up report and findings has led the Commission seriously to criticise the lack of progress. This underlines both the significance of the difficulties facing the Council and the need for immediate action.
6. As part of the stream-lining 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 West Dunbartonshire Council. We expect the issues identified in this report to feature strongly in that risk assessment and, in the context of joint working with our scrutiny partners, require a further progress report from the Controller of Audit in early course. We will give consideration at that point to any further measures that need to be taken.

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.

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, 16 September 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
A Faulds
A Kelbie
J King
I Low
B McQueen
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
G Smail, Acting Secretary and Business Manager
F McKinlay, Assistant Director (Best Value) (items 1-12)
R Kerley, Queen Margaret University (item 7)
T Meldrum, Portfolio Manager (Health and Community Care) (item 13)
C Smith, Project Manager (Health and Community Care) (item 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 15 July 2009
4.	Minutes of Performance Audit Committee of 26 August 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Scrutiny consultancy – draft report from R Kerley
8.	South Ayrshire Council – response to Best Value audit and note of follow-up meeting
9.	West Dunbartonshire Council – note of Best Value follow-up meeting
10.	BV1 overview report - draft report
11.	Update on Best Value developments
12.	Local government scrutiny coordination update report
13.	Progress report on planning for the delivery of the Commonwealth Games – draft study report
14.	Meeting in public
15.	Audit Scotland Financial and Performance Information: Q1 April to June 2009
16.	Any other business

1. Apologies for absence

Apologies for absence were intimated from Douglas Sinclair.

2. Declarations of interest

It was noted that no declarations of interest were made.

3. Minutes of meeting of 15 July 2009

The minutes of the meeting of 15 July 2009 were submitted and approved.

4. Minutes of Performance Audit Committee of 26 August 2009

The minutes of the meeting of the Performance Audit Committee of 26 August 2009 were submitted and approved.

5. Chair's introduction

The Chair reported on a number of items:

- BV2 consultation meetings with COSLA, SOLACE and Scottish Government
- Induction meetings for BV2 peers
- Scrutiny coordination strategic group meeting
- Interviews for non-executive members of Audit Scotland Board
- Evidence to the Parliament's Finance Committee on the Public Services Reform Bill.

The position was noted.

6. Update report by the Controller of Audit

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

- Parliamentary committees
- Developments in councils
- Audit Commission reports.

The report was noted.

7. Scrutiny consultancy – draft report from R Kerley

There was submitted a report by the Acting Secretary and Business Manager introducing a paper from Professor Richard Kerley of Queen Margaret University on the role of the Commission in scrutiny co-ordination and related matters. Professor Kerley joined the meeting to present his report.

The discussion focussed on: the name 'Accounts Commission' in the present context; the question of whether the Commission would benefit from a sounding board for its activities; and the number of members of the Commission relative to its workload.

Thereafter the Chair thanked Professor Kerley for his paper and for attending to join the discussions. The Chair noted that the points arising would be carried forward for further consideration at the Commission's annual strategy seminar.

8. South Ayrshire Council – response to Best Value audit and note of follow-up meeting

There was submitted the South Ayrshire Council Best Value improvement agenda 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 7 July 2009.

The position and summary were noted.

9. West Dunbartonshire Council – note of Best Value follow-up meeting

There was submitted a note summarising the Best Value follow-up meeting with West Dunbartonshire Council on 16 July 2009.

The summary was noted.

10. BV1 overview report – draft report

There was submitted a report by the Director of Public Reporting (Local Government) attaching a final draft of an overview on the first phase of Best Value audits. This version reflected feedback from the Commission in July and subsequent discussions with the Chair and the report sponsors.

In discussion, some wording amendments were noted. Thereafter, the Commission approved the draft report for publication and acknowledged the good work by the Audit Scotland team in preparing the draft report.

11. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on the progress of Best Value 2 and other Best Value developments.

The position was noted.

12. Local government scrutiny co-ordination update report

There was submitted a report by the Controller of Audit updating the Commission on developments in respect of the scrutiny co-ordination work which is being carried out under the Accounts Commission gate-keeping role. A copy of the Controller of Audit's most recent update letter to the Cabinet Secretary, Finance and Sustainable Growth was attached as an annex.

The position was noted.

13. Progress report on planning for the delivery of the Commonwealth Games - draft study report

There was submitted a report by the Director of Public Reporting (Health and Central Government) inviting the Commission to approve the joint Accounts Commission and Auditor General draft report on planning for the delivery of the Commonwealth Games 2014.

During discussion, the Commission noted that the report should emphasise the importance of contract management and the related risks, particularly in the context of the current economic conditions. There was also discussion about the timing of the next report in the series and the team indicated that this will be taken into account in future planning.

Thereafter the Commission approved the report and noted the publication timetable.

14. Meeting in public

There was submitted a report by the Acting Secretary and Business Manager to support the Commission's ongoing deliberations about holding its meetings in public and related matters.

During discussion the following views were expressed:

- It is difficult to consider the principles without weighing up the costs and practical implications.
- The default position should be to hold meetings in public.
- Meeting in public should be considered in the context of wider discussions about how further to develop transparency and public engagement.
- There is a case for dealing with some business in private, as other organisations do.
- The Commission's position differs from other public bodies and this needs to be taken into account in decisions about public and private agenda items.
- The costs and benefits (including value to the public) need to be explored further.

Thereafter, the Commission agreed to consider the matter further at a future meeting, in the context of a wider discussion about the Commission's engagement with the public and other stakeholders. Specific points will include an example of how an agenda might be constructed to differentiate between public and private business and clarification of the position on legal privilege.

15. Audit Scotland Financial and Performance Information: Q1 April to June 2009

There was submitted a report by the Director of Corporate Services presenting the financial and performance information for Audit Scotland to June 2009. The report was noted.

16. Any other business

The Commission discussed the implications should the H1N1 virus (swine 'flu) affect its business. It agreed in that event the Chair, in consultation with members, would determine how any matters of urgent business will be conducted.

The Acting Secretary & Business Manager intimated that the Scottish Government has notified an increase in member remuneration rates and that he would provide members with a copy of the Scottish Government's letter in due course.

The Commission's next meeting (Wednesday 14 October) will take place in Audit Scotland's offices at 18 George Street.

Finally, the Chair noted that Isabelle Low, Ann Faulds and Owen Clarke were coming to the end of their terms of appointment as Commissioners and that this was their final meeting. The Chair expressed grateful thanks to them for their hard work and very valuable contribution over the years and wished them well for the future.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Wednesday, 14 October 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
C Duncan
A Kelbie
J King
C May
B McQueen
C Peebles
L Pollock
I Robertson
G Sharp
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit (Local Government)
R Cleland, Non-executive Board Member, Audit Scotland
G Smail, Acting Secretary & Business Manager
R Nicol, Assistant Director, PRG (Local Government) (item 7)
B Hall, Portfolio Manager (Local Government) (item 7)
A Clark, Assistant Director, PRG (Local Government) (items 8 and 9)
B Hurst, Director of Public Reporting (Health/Central Govt) (item 11)
M Roberts, Portfolio Manager (Central Govt) (item 11)
R Seidel, Performance Auditor (Central Government) (item 11)
R Frith, Director of Audit Strategy (items 12 and 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 16 September 2009
4.	Chair's introduction
5.	Update report by the Controller of Audit
6.	West Dunbartonshire Council – response to Best Value follow-up audit
7.	Single Outcome Agreements – briefing
8.	Update on Best Value developments
9.	Forming and reporting the two new BV2 audit judgements
10.	Local government scrutiny coordination update report
11.	Protecting and improving Scotland's environment; an overview – draft report
12.	Proposed changes to the local government pension scheme and possible changes to the audit arrangements
13.	Audit charges 2009/10 audits
14.	Proposed programme of meetings 2010
15.	Any other business

1. Apologies for absence

There were no absences and therefore no apologies.

2. Declarations of interest

Christine May referred to item 11 on the agenda (environment overview) and informed the meeting that her consultancy work involves advising clients on public policy developments, including on environmental matters.

3. Minutes of meeting of 16 September 2009

The minutes of the meeting of 16 September 2009 were submitted and approved.

4. Chair's introduction

The Chair reported on a number of items:

- Meetings of the scrutiny coordination strategic group: meeting on 24 September; meeting on 6 October with representatives of SOLACE, COSLA with the Cabinet Secretary for Finance & Sustainable Growth.
- Mary Pitcaithly (Chair of SOLACE Scotland) and Jon Harris (Director of Policy and Legislation, COSLA) have been invited to join the scrutiny coordination strategic group as observers.

The Chair congratulated Douglas Sinclair on his appointment as Deputy Chair and Colin Duncan, Christine May, Colin Peebles, Linda Pollock and Graham Sharp on their appointments to the Commission. The Chair then invited the new members to give short introductions.

The Chair also welcomed Ronnie Cleland, Non-executive Director of Audit Scotland, and explained that Mr Cleland was attending to observe Commission business.

5. Update report by the Controller of Audit

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

- The completion of the 2008/09 local authority audits
- Parliamentary committees
- Audit Commission reports.

The report was noted.

6. West Dunbartonshire Council – response to Best Value follow-up audit

There was submitted a letter from the Chief Executive of West Dunbartonshire Council, summarising the Council's response to the Best Value follow-up audit.

The Commission noted that the Council was developing a revised Best Value Improvement Plan and that this would be monitored through the shared risk assessment process.

The Commission requested the Acting Secretary & Business Manager to write to the Council confirming its ongoing interest in the Council's progress in addressing the Commission's findings.

Action: Acting Secretary & Business Manager to write to the Council.

7. Single Outcome Agreements - briefing

There was submitted a report by the Controller of Audit summarising the initial analysis of the second set of Single Outcome Agreements covering the period 2009 -2011. A briefing paper containing a more detailed analysis was attached for the Commission's interest.

The Commission welcomed the report and briefing and in discussion noted that SOAs are part of councils' wider arrangements for managing and reporting performance which will be considered during the Best Value audits.

Thereafter the report and the briefing paper were noted.

8. Update on Best Value development

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of Best Value 2 and other Best Value developments

The report was noted.

9. Forming and reporting the two new BV2 audit judgements

There was submitted a report by the Controller of Audit building on the Commission's previous considerations of how audit judgements might be expressed as part of the BV2 audits.

The Commission welcomed the paper and in discussion:

- Approved the use of the two new BV2 judgements for testing in the pathfinder audits.
- Approved the proposal that the term 'needs to improve more quickly' is used in preference to 'improving adequately' in the pace and direction of travel judgement.
- Requested that descriptions underpinning the judgements and the judgements themselves are tested with citizen focus groups.
- Requested that good governance features more explicitly in the performance descriptors.
- Noted that further refinement of the framework and descriptors would be informed by the pathfinder work.
- Confirmed that the means for councils to challenge BV2 judgements will be to make views known to the Commission. A related point is the need in due course to develop further the criteria and protocols for Commission hearings.

Thereafter the report was noted.

Action:

- *Director of Public Reporting (Local Government) to ensure (i) that descriptions underpinning the BV2 judgements are tested through citizen focus groups and (ii) that good governance features more explicitly in the performance descriptors.*
- *Acting Secretary & Business Manager to develop further the criteria and protocols for Commission hearings.*

10. Local Government scrutiny co-ordination update report

There was submitted a report by the Controller of Audit updating the Commission on developments in respect of the scrutiny coordination work.

In discussion the following points were noted:

- The frequency of scrutiny co-ordination group meetings will be reviewed in due course.
- The draft joint Code of Practice is a significant development.
- It is important to ensure that all MSPs are briefed on developments.

Thereafter the report was noted.

11. Protecting and improving Scotland's environment: an overview – draft study report

There was submitted a report by the Director of Public Reporting (Health and Central Government) inviting the Commission to approve the draft overview report on protecting and improving Scotland's environment. The reported noted that this is a joint study report by the Accounts Commission and the Auditor General for Scotland.

During discussion the following points were made:

- Councils have a significant role in areas such as waste management, and the recommendation at the end of the chapter on waste management should be strengthened.
- Sustainable development is a key issue and the importance of the environment in economic development needs to be highlighted.
- This is an overview and points to potential study topics which may be examined in future.
- Cultural and behavioural change will be necessary to make progress in protecting and improving the environment.

Thereafter the report was approved. It was agreed that the study team would provide the study sponsors with a summary of the changes to the report.

Action: Director of Public Reporting (Health and Central Government) to provide study sponsors with a summary of changes to the report.

12. Proposed changes to the Local Government Pension Scheme and possible changes to audit arrangements

There was submitted a report by the Director of Audit Strategy intimating changes proposed by the Scottish Government to the investment provisions and administration of the Local Government Pension Scheme in Scotland. Following discussions at the FAA Committee on 2 September a draft response had been prepared and the matter has been discussed with COSLA.

After discussion, the Commission approved the draft consultation response.

13. Audit charges 2009/10 audits

There was submitted a report by the Director of Audit Strategy seeking the Commission's agreement to the proposed audit charges for the 2009/10 audits as set out in Appendix 1 to the report. The Director informed the Commission that he had discussed the matter with COSLA.

Following discussion, the Commission approved the charging proposals for 2009/10 and noted the provisional estimate for 2010/11 audit charges.

14. Proposed dates for 2010

A list of proposed dates in 2010 for meetings of the Accounts Commission, the Performance Audit Committee and the Financial Audit and Assurance Committee was submitted by the Acting Secretary & Business Manager.

In discussion, the Commission considered whether all meetings should be moved from Wednesdays to Thursdays. The Acting Secretary & Business Manager was requested to submit a revised timetable on that basis.

Action: Acting Secretary & Business Manager to submit a revised timetable for meetings on Thursdays in 2010 to the November Commission meeting.

15. Any other business

The Commission agreed to revised meeting dates in November. As a result the FAA Committee will now meet on 11 November and the Accounts Commission will meet on 18 November.

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland at 18 George Street,
Edinburgh, on Wednesday,
18 November 2009, at 10.30am

PRESENT: D Sinclair (Depute Chair)
M Ash
C Duncan
A Kelbie
C May
B McQueen
C Peebles
L Pollock
I Robertson
G Sharp

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
G Smail, Acting Secretary & Business Manager
B Skelly - HM Inspector of Constabulary for Scotland (item 8)
S Mitchell - Principal Inspection Manager, HMIC (item 8)
L McAinsh - Inspection Manager, HMIC (item 8)
F McKinlay, Assistant Director (Best Value) (item 8)
T Yule, former Improvement Advisor (Best Value) (item 8)
C Calder, Portfolio Manager (Best Value) (item 8)
A Clark, Assistant Director (Best Value) (items 9 -11)
D McGiffen, Director of Corporate Services (items 13 -14)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 14 October 2009
4.	Minutes of Financial Audit and Assurance Committee of 2 September 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Aberdeen City Council – response to Best Value follow-up audit
8.	Tayside Police Audit of Best Value and Community Planning
9.	Update on Best Value developments
10.	Developing more citizen-friendly BV2 summary reports
11.	Responding to recommendations from the user focus action group
12.	Local government scrutiny coordination update report
13.	Single equalities scheme
14.	Audit Scotland Financial and Performance Information: Q2 July to September 2009
15.	Proposed programme of meetings 2010 – revised dates
16.	Any other business

1. Apologies for absence

Apologies for absence were intimated from J Baillie and J King.

2. Declarations of interest

It was noted that no declarations of interest were made.

3. Minutes of meeting of 14 October 2009

The minutes of the meeting of 14 October 2009 were submitted. With reference to item 4 (Chair's introduction), it was noted that the representatives of SOLACE and COSLA invited to join the scrutiny co-ordination strategic group will participate as observers. At item 9 (Forming and reporting the two new BV2 audit judgements) the third bullet should be changed to state that the descriptions underpinning the judgements and the judgements themselves should be tested with citizen focus groups.

Thereafter, the minutes were approved.

Action: Acting Secretary & Business Manager to update minutes.

4. Minutes of Financial Audit and Assurance Committee of 2 September 2009

The minutes of the Financial Audit and Assurance Committee of 2 September 2009 were submitted and approved.

Referring to discussions at the FAA Committee's meeting on 11 November, the Chair of the Committee emphasised the Committee's interest in further consideration of ways for the Commission to communicate and engage with councils. It was noted that a paper covering this and related matters would be submitted to the Commission in December.

Action: Acting Secretary & Business Manager to report to the Commission in December on the Commission's role in BV2 and wider matters relating to the Commission's engagement with local government.

5. Chair's introduction

In the absence of the Chair, this item was deferred.

6. Update report by the Controller of Audit

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

- Local government audits – completion and progress of the overview report
- Parliamentary committees
- The Controller's appointment to the International Ethics Standards Board for Accountants
- Lynn Bradley's appointment as vice chair of the Local Authority Scotland Accounts Advisory Committee (LASAAC)
- The publication of the report of the International Peer Review of the Wales Audit Office
- Audit Commission reports.

The report was noted.

7. Aberdeen City Council – response to Best Value follow-up audit

There was submitted a letter from the Chief Executive of Aberdeen City Council, summarising the Council's response to the Best Value follow-up audit.

The Commission noted the position and requested the Acting Secretary & Business Manager to write to the Council confirming its ongoing interest in the Council's progress in addressing the Commission's findings.

Action: Acting Secretary & Business Manager to write to the Council.

8. Tayside Police Audit of Best Value and Community Planning

There was submitted a report by the Acting Secretary & Business Manager inviting the Commission to consider the joint Best Value audit and inspection report produced by the Controller of Audit and Her Majesty's Inspector of Constabulary.

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

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

9. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of Best Value 2 and other Best Value developments.

The Commission noted the progress of the BV2 Improvement Plan.

10. Developing more citizen-friendly BV2 summary reports

There was submitted a report by the Controller of Audit updating the Commission on work that is taking place as part of the Commission's Best Value Improvement Plan to develop approaches to reporting that are more meaningful for citizens.

Following discussion the Commission agreed to note the report and to receive a further report once the results of the joint work with Consumer Focus Scotland is completed.

Action: Controller of Audit to report on the outcome of the joint work with Consumer Focus Scotland.

11. Responding to recommendations from the user focus action group

There was submitted a report by the Director of Public Reporting (NHS and Central Government) and the Assistant Director (Best Value) updating the Commission on the User Focus Action Group's recommendations and inviting the Commission to consider how the audit approach relates to those recommendations.

In discussion the Commission noted that the Public Services Reform Bill proposes a duty of user focus for scrutiny bodies and suggested that consideration might be

given to service providers having similar responsibilities, possibly through updated BV guidance. The Commission requested the Controller of Audit to prepare a position statement for the Commission to take forward with the Scottish Government.

Thereafter, the Commission agreed the approach to involving service users, citizens and taxpayers in audits as set out in the paper.

Action: Controller to prepare a position statement for the Commission's consideration.

12. Local Government scrutiny co-ordination update report

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

In discussion, the Commission noted that it would receive a presentation at its meeting in December which include further explanations about the role of self assessment in the process. The Commission also noted that a recent internal audit of Audit Scotland's work in developing the shared risk assessment process concluded 'substantial assurance' status, the highest level of assurance awarded by internal audit.

Thereafter the report was noted.

13. Single Equality Scheme

There was submitted a report by the Chair of the Diversity & Equality Steering Group seeking the Commission's approval of the draft single equality scheme.

In discussion, the Commission noted that an internal audit of Audit Scotland's response to the equalities agenda concluded 'substantial assurance' status. The Commission also noted that Audit Scotland's progress on equalities is monitored by the Audit Scotland Board and reported to the Commission annually.

Thereafter the Commission agreed to approve the draft single equality scheme.

14. Audit Scotland Financial and Performance Information: Q2 July to September 2009

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland to 30 September 2009.

The Commission noted the report.

15. Proposed dates for 2010

The Acting Secretary & Business Manager submitted a revised timetable for Accounts Commission meeting dates in 2010 reflecting the Commission's decision to move its meetings from Wednesdays to Thursdays.

The Commission agreed to adopt the meeting dates as proposed noting that there may be flexibility in the dates for Committee meetings.

16. Any other business

The following points were noted:

- Mark Brough has been appointed Secretary & Business Manager and will take up the post from January 2010.
- The Commission meeting on 9 December will be held at Audit Scotland's offices at 110 George Street.
- Recent information about spending on the Commonwealth Games will be taken into account in the material prepared to support publication of the joint Accounts Commission/Auditor General report on 19 November.
- The Commission congratulated Caroline Gardner on her appointment to the International Ethics Standards Board for Accountants (see item 6. above).

**BEST VALUE AUDIT AND INSPECTION OF TAYSIDE POLICE AND JOINT BOARD
NOVEMBER 2009
ACCOUNTS COMMISSION FINDINGS**

1. The Commission notes that this is the first joint Best Value audit and inspection report to be produced by the Controller of Audit and Her Majesty's Inspector of Constabulary. We welcome this joint approach and its significant contribution to more effective and stream-lined scrutiny. We accept this report and acknowledge the co-operation and assistance provided to the joint audit and inspection team by the Convener and other elected members of Tayside Joint Police Board, the Clerk to the Board, and the Chief Constable and officers of Tayside Police.
2. The report is wide ranging and assesses the extent to which Tayside Police Joint Board and the Police Force are meeting their best value duties. In accordance with the Commission's statutory responsibilities, these findings relate only to the best value audit of the Joint Board.
3. We find that while the Joint Board is strongly committed to supporting the Chief Constable and that working relationships between the Board and the Police Force are good, the Board is not meeting the objective of best value, namely continuous improvement in its duties and responsibilities which include effectively contributing to setting priorities for the police service and holding the Chief Constable to account.
4. Board members have an important and distinct role in the governance of police services and until there is clearer understanding and application of that role the Board will not achieve the necessary shift in focus required to attain best value.
5. Elected members appointed by the constituent councils to the Joint Board need more support to improve their knowledge and understanding of their role as Board members and to support them in core activities, including setting direction and priorities and scrutinising performance. However, the primary responsibility for obtaining the necessary support rests with the Joint Board. Accordingly, as a matter of urgency, the Joint Board needs to discuss this position with the constituent councils and secure resources which are independent of the councils and the Police Force to support it in its role.
6. We look forward to receiving an improvement plan from the Joint Board which addresses the improvement agenda set out in the joint audit and inspection report and the weaknesses identified. The plan should focus on the Board's role in working

7. It is clear to the Commission that part of the reason for the Board not fully exercising its role arises from a lack of clarity about the respective responsibilities and expectations of the Joint Board and the Chief Constable. The Commission believes this issue may not be unique to Tayside Police Joint Board and if this is the case will recommend that the Scottish Government, in consultation with COSLA (Convention of Scottish Local Authorities) and ACPOS (Association of Chief Police Officers in Scotland), should consider the existing guidance and its interpretation to ensure the specific duties and responsibilities of Boards and Board members are expressed clearly. We believe further clarification of the guidance, as may be required, would assist police authorities to self-assess their progress in achieving their statutory responsibilities for best value and community planning.

AGENDA ITEM 3
Paper: AC.2010.1.1

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday, 9 December 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
A Kelbie
B McQueen
C May
C Peebles
L Pollock
G Sharp
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit (Local Government)
G Smail, Acting Secretary & Business Manager
B Hurst, Director of Public Reporting (Health & Central Government) (item 7)
A Cullen, Assistant Director (Public Reporting) (item 7)
J Thomson, Project Manager (Public Reporting) (item 7)
N Bridle, Assistant Director (Public Reporting) (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence and welcome
2.	Declarations of interest
3.	Minutes of meeting of 18 November 2009
4.	Minutes of Financial Audit and Assurance Committee of 11 November 2009
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Efficient Government programme 2008 -2011: a position statement
8.	Shetland Islands Council - Annual Audit 2008/09
9.	Update on Best Value developments
10.	Role of the Accounts Commission in BV2 and related matters
11.	Local government scrutiny co-ordination update
12.	Any other business

1. Apologies for absence and welcome

Apologies for absence were intimated from Colin Duncan, Jim King and Iain Robertson.

The Chair welcomed Mark Brough. Mark was observing this meeting prior to taking up the role of Secretary & Business Manager in January 2010.

2. Declarations of interest

Bill McQueen declared an interest in item 7 (Efficient Government position statement) insofar as one of the case studies in the draft report included reference to the Crown Office, with which he previously worked.

3. Minutes of meeting of 18 November 2009

The minutes of the meeting of 18 November 2009 were submitted and approved.

4. Minutes of Financial Audit and Assurance Committee of 11 November 2009

The minutes of the meeting of the Financial Audit and Assurance Committee of 11 November 2009 were submitted and approved.

5. Chair's introduction

The Chair reported on a number of items:

- Presentations at conferences on Asset Management and Shared Services.
- Scrutiny co-ordination strategic group meeting on 19 November. Bill McQueen is now a member of the Strategic Group.
- Meeting with Mr Kenny MacAskill MSP, Cabinet Secretary for Justice with Bill Skelly, HMICS and Caroline Gardner regarding the joint Best Value and inspection report on Tayside Police.

The position was noted.

6. Update report by the Controller of Audit

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

- Local government audits
- Parliamentary Committees
- Provisional local government finance settlement for 2010 -11
- Sir John Arbuthnott's report for the Clyde Valley Partnership
- Audit Commission reports.

The report was noted.

7. Efficient Government programme 2008 -2011: position statement

There was submitted a report by the Director of Public Reporting (Health and Central Government) inviting the Commission to consider and approve the draft joint report on the Efficient Government programme 2008 -2011. The report noted that this is a joint study report by the Accounts Commission and the Auditor General for Scotland.

During discussion, the following points were noted:

- It is important to note that the efficiency savings set out in the report have not been validated. Paragraph 2 of the draft report makes this clear and should be highlighted to emphasise the point.
- Key issues include the need for robust efficiency measures, sound baselines and consistent guidelines on reporting.
- There was discussion about the clear distinction between efficiency savings and service cuts and between recurring and non-recurring efficiency savings.
- A more fundamental review of efficiencies will be needed because current targets will not bridge the gap between spending and funding. The report should be clear about the scale of the task ahead.
- Councils should explore other ways of delivering services, including in partnership. Good quality information on costs is essential to inform decisions.
- The report highlights risks associated with managing efficiencies and their impact. The Commission recognised this should be reflected in councils' internal risk management arrangements.
- Agreed that exhibits showing reported efficiency savings by individual councils should be removed from the draft report. It may be possible in the text to group bodies in terms of % savings, in ranges relative to DEL and expenditure. The Commission noted that the chosen denominator can have a significant effect on any calculations.
- In removing the exhibits, the caveats about the quality of reporting should be strengthened.

Thereafter the Commission approved the draft report and noted the publication timetable.

8. Shetland Islands Council – Annual Audit 2008/09

There was submitted a report by the Acting Secretary & Business Manager introducing the Controller of Audit's statutory report on the 2008/09 annual audit of Shetland Islands Council.

The Commission noted the terms of the Controller's report and in discussion also noted other matters arising from the 2008/09 audit as reported in the external auditors' annual audit report.

The Commission noted the options available to it on receipt of a statutory report and that it could direct the Controller to carry out further investigations. The Commission also noted its more general power to require the Controller to report to the Commission with respect to local authority accounts, matters arising from the auditing and the performance by a local authority of its best value duties.

Taking these statutory provisions together, the Commission agreed to request the Controller to undertake further work at Shetland Islands Council and to report back. The Commission requested in the first instance that the Controller submits a paper on the proposed scope of the work. This should include an examination of the background to the audit qualifications, related governance matters and other aspects of performance highlighted in the external auditors' annual audit report.

Action: Controller of Audit to submit paper to the Commission in January 2010 setting out the proposed scope of further audit work.

9. Update on Best Value developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on BV2 development generally and on the progress of the BV2 pathfinder audits and the BV police pilot audits.

The position was noted.

10. The role of the Accounts Commission in BV2 and related matters

There was submitted a paper by the Acting Secretary & Business Manager to support the Commission's consideration of its role in relation to Best Value and more general points about its engagement with local government.

During discussion, the following points were noted:

- The paper identifies specific points relating to BV2 audits which need to be taken into account during the Commission's ongoing consideration of holding its meetings in public.
- Further work is required to develop points of reference for the Commission to inform its decisions on further audit work and hearings. These should be in the form of guidelines which further promote consistency and transparency and allow flexibility.
- The Commission should continue to meet with councils and further consideration is required on the timing and nature of these meetings.
- A more systematic approach to stakeholder engagement is required and there is scope for the Commission to develop its advocacy role to support improvement, without compromising the Commission's independence which is paramount.
- A programme of presentations from senior people working in or with local government should be established. An earlier programme included presentations from a council Chief Executive but further presentations were postponed due to agenda pressures.

Thereafter, the Commission agreed to continue the discussions and to develop an action plan at its strategy event in March 2010. The Commission agreed that the Secretary & Business Manager, in consultation with the Chair, should identify specific points for discussion at the strategy event and options for taking these points forward

Action: Secretary & Business Manager, in consultation with the Chair, to identify points and options for discussion at the March strategy event.

11. Local government scrutiny co-ordination update report

Nikki Bridle, Assistant Director (Public Reporting) provided a briefing on the Shared Risk Assessment (SRA) process. This included background to actions following the Crerar review of scrutiny, the Commission's role and details of the SRA development work to date.

The Commission noted the presentation with interest and following questions and answers thanked Nikki for her work on this project.

12. Any other business

The following points were noted:

- The Auditor General will attend the Commission meeting on 21 January to present and discuss his recent report on Scotland's Public Finances. The discussion will focus on what this might mean for the priorities and work of the Commission and the AGS. After the meeting the AGS will meet with the five new Commission members as part of their induction.
- The Scottish Government is consulting on specific equalities duties which should be placed on Scottish public authorities to assist them deliver the new general duty outlined in the UK Government's Equality Bill. The deadline for responses is 15 January and the Commission agreed to delegate authority to the Chair to sign off the Commission's response.
- The Commission agreed to move its annual strategy event to 1 and 2 March 2010 to avoid coinciding with the COSLA conference.
- The next Commission meeting is on Thursday 21 January at Audit Scotland's offices at 18 George Street.

The Chair noted that this was Gordon Smail's final Commission meeting as Acting Secretary & Business Manager. The Chair thanked Gordon for his work in supporting the Commission over the past eight months.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 23 January 2008 at 10.30am.

PRESENT: J Baillie (Chair)
A Alexander
J Couper
A Faulds
K Geddes
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
G Smail, Portfolio Manager, Public Reporting (Local Government) (item 5)
M Diffley, Portfolio Manager, Public Reporting (Local Government) (item 6)
C MacGregor, Project Manager, Public Reporting (Local Government) (item 6)
A Taylor, Portfolio Manager, Public Reporting (Local Government) (item 7)
D McGiffen, Director of Corporate Services (item 9)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Overview of the Local Authority Audits 2007
6.	Improving the School Estate
7.	Scottish Policing Performance Framework
8.	Audit of Best Value and Community Planning – Preparing for Round 2
9.	Accounts Commission Disability Equality Annual Report
10.	Membership

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke, Michael Docherty, and Adrienne Kelbie.

2. Minutes

The minutes of meeting of 12 December 2007 were submitted and approved.

With reference to Item 4, Caroline Gardner advised that a summary of recent Audit Commission publications had been tabled; in future this information would be added to her regular update report.

3. Chair's Introduction

John Baillie reported that the Government had published its response to the Crerar Report.

Meetings had been arranged to discuss the development of the audit of Best Value and community planning with SOLACE, COSLA and the Scottish Consumer Council in March.

The follow-up report on West Dunbartonshire Council had been published on 22 January.

4. Report by the Controller of Audit

There was submitted a report by the Controller of Audit providing an update on a number of matters of current interest:-

- Crerar Report
- Scottish Government outcomes approach
- Developments relating to Best Value.

In discussion the Commission noted that the Government's response to the Crerar report contained some significant issues for the Accounts Commission, the AGS and Audit Scotland, and agreed that these should be considered in more detail at the forthcoming strategy seminar.

The Commission agreed to note the report.

5. Overview of the Local Authority Audits 2007

There was submitted a report by the Secretary introducing the Controller of Audit's report on issues arising from the audits of local authorities in 2007. The Controller of Audit's report was made to the Commission under section 102(1) of the Local Government (Scotland) Act 1973.

In discussion a number of points were made:-

- The Commission welcomed the continuing improvement in the overview report
- the Concordat and the changing relationship between central and local government was highly significant;
- the proposed reforms of the scrutiny system were also significant and had major implications for the role of the Commission;

- Best value was having a positive impact in local government and this was expected to continue into the future
- progress on scrutiny and council tax collection rates was to be welcomed
- The overview was still hampered by the limitations of existing data especially about service performance and transaction costs
- leadership development was crucial
- there was scope for significant improvement in efficiency, especially through better planning, more testing of competitiveness and improved procurement
- partnership working was continuing to grow in importance.

The Commission agreed that it should seek discussion with the local government community about the issues identified in the report and the Commission's findings. The Commission also made a number of points about the presentation of the report including the choice of exhibits, the title and the use of comparative information across local government and with other sectors, and requested that the Controller of Audit take these points into account in the future development of the report.

Following discussion the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Improving the School Estate

There was submitted a report by the Director of Public Reporting (Local Government) regarding the joint report on behalf of the Accounts Commission and the Auditor General into the effectiveness of recent investments in school buildings in Scotland. Attached to the report were the final report of the study and the key messages paper. The key messages had been approved by the Performance Audit Committee in July 2007 and, following revision when all work on the study had been completed, subsequently approved by the study sponsors.

In discussion a number of points were made:-

- the sections on design and the importance of environmental sustainability were particularly welcomed
- there should be greater emphasis on the need for good demand planning
- the presentation of the exhibits about environmental conditions should emphasise the positive messages
- the introduction should make clearer that the study does not look at links between the quality of school buildings and educational attainment
- the mention in the Key Messages and the recommendation about sharing of expertise and knowledge across local government should be strengthened. The importance of this in relation to procurement should be brought out and the scope for efficiency savings noted
- the passages dealing with PFI were welcomed and this should be highlighted points in the recommendations.

Thereafter the Commission agreed to ask the study sponsors, Isabelle Low and Keith Geddes, to sign off the report for publication subject to the above comments.

7. Scottish Policing Performance Framework

There was submitted a report by the Director of Public Reporting (Local Government) informing members of developments to the Scottish Policing Performance Framework

for 2008/09 and seeking comments from the Commission prior to consideration of the Framework by the Police Senior Strategic Steering Group.

During discussion the following points were made:-

- the proposed indicators required considerable development before they could deliver the required performance information
- the qualification that many indicators could not be taken as direct indicators of police performance was not distinctive to police services and was not a helpful presentational point
- progress remained slow
- the approach taken was rather different from developments in relation to other public services
- the Commission looked forward to receiving the finalised Performance Framework when it was available and reserved decisions about the future use of SPI for the police services until the new framework had developed further.

The Commission agreed to seek discussions with the Scottish Government and the Chief Inspector of Constabulary about the future development of performance information for police services.

8. Audit of Best Value and Community Planning – Preparing for Round 2

There was submitted a report by the Director of Public Reporting (Local Government) summarising the main points which had been made at the consultation meetings with councils in preparation for round 2 of the Best Value audits.

Following discussion the Commission agreed that these issues should be discussed at the forthcoming strategy seminar to inform the agreement of an Improvement Plan.

9. Accounts Commission Disability Equality Annual Report

There was submitted a report by the Director of Corporate Services referring to the duty on all public sector bodies to publish an annual report on its work in respect of compliance with equality legislation. The attached annual report had been approved by the Chair of the Commission and published on 21 December. In addition the Accounts Commission's Disability Equality Scheme was being reviewed and a report would be submitted to the Commission in March.

The Commission agreed to note the report and the annual report on the Disability Equality Scheme which had been published on 21 December.

10. Membership

There were submitted –

- List of Members linked with Best Value audits, and
- List of Study Sponsors.

The Commission agreed to note the list of members linked with Best Value audits and list of study sponsors, and to consider what changes might be required at a future meeting.

**ACCOUNTS COMMISSION FOR SCOTLAND
OVERVIEW OF THE LOCAL AUTHORITY AUDITS 2007
FINDINGS**

1. This latest report shows that local government in Scotland continues to face and address significant challenges and the Commission recognises the general improvement which has been achieved. We particularly welcome:
 - Progress in service delivery, such as a further increase in the amount of waste which is recycled and composted to over 28%;
 - The general picture of sound financial accounting and reporting, with accounts and audits completed on time;
 - Scrutiny more embedded than before; and
 - A further improvement in the trend of in-year council tax collection, with nearly 94% of the amount due for 2006/07 collected during the year.
2. Last year we highlighted the major changes likely as a result of the 2007 elections. Many of the improvements in decision-making and scrutiny are still bedding in and councils need to keep them under review to make sure they are effective. The report shows that councillors are receiving training and councils need to build on this to support them in their new and developing roles, especially in strategic leadership and policy choice.
3. The overall context for councils is one of continuing change and pressures on resources. In particular:
 - The Concordat between the Scottish Government and COSLA, and in particular the shift to an outcomes based approach, mean that councils and their partners will need to give renewed focus to ways they can demonstrate improved services for customers and citizens.
 - The pressure on budgets is likely to lead to difficult choices for councils at a time when the shift to single status, for example, is still far from complete. This underlines the importance of robust long-term financial planning which is risk-based and sustainable.
4. If councils are to meet the challenges ahead, they will need to increase their focus on a number of key areas, including:
 - Supporting and developing leadership skills and capacity;
 - Demonstrating the net benefits from community planning, other partnership working and shared business support services;
 - Taking a more strategic approach to resources which informs and integrates finance, workforce and asset planning;
 - Stronger commitment to testing the competitiveness of services and to continuous improvement;
 - Developing robust baseline data against which improvements in service delivery can be measured and demonstrated; and
 - Improving performance management significantly to demonstrate delivery of the outcomes approach.
5. Looking ahead, the Crerar report on scrutiny, audit and inspection highlights the need for more streamlined scrutiny based upon robust self-assessment and a sharper focus on the needs and concerns of service users. We support this approach and welcome the role envisaged for the Accounts Commission in taking this forward.

Minutes of the meeting of the Accounts Commission held in Murrayshall House Hotel, Scone on Thursday 28 February 2008 at 11am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
J Couper
M Docherty
A Faulds
K Geddes
A Kelbie
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Minutes
2.	Performance Audit Committee
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response
6.	Date of Next Meeting

1. Minutes

The minutes of meeting of 23 January 2008 were submitted and approved.

2. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 6 February were submitted and noted and the recommendations therein were approved.

3. Chair's Introduction

John Baillie reported on a presentation he had made to the David Hume Institute in respect of the local government overview report. It was noted that both his presentation and that by Bernadette Malone could be found on the DHI website.

4. Report by the Controller of Audit

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

- Scottish Government outcomes approach
- Consultation on the future governance framework for the Code of Practice on Local Authority Accounting in the United Kingdom
- Tiner Report on the governance of the NAO
- Annual audits
- Best Value audit
- Inspection of Fire Services
- Review of drugs misuse services
- Audit Commission reports

Discussion took place on the development of the outcomes approach and concerns were expressed regarding some aspects of the draft single outcome agreement and, in particular, a number of the suggested local indicators. Concern was also expressed about the relationship between the outcomes approach and Best Value and it was noted that the Controller of Audit would submit a more detailed report to the next meeting of the Commission on 19 March.

With regard to the Tiner Report on the governance of the NAO it was noted that a report was to be submitted to the next meeting of Audit Scotland recommending that a review of the governance arrangements be carried out in the light of the recommendations of the Tiner Report.

5. Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response

There was submitted a report by the Controller of Audit referring to the government's response to the Crerar Review of Scrutiny and providing details of the remit of the Scrutiny Improvement Programme Board and fixed term action groups. It was noted that a number of the recommendations accepted by the government had implications for the Accounts Commission, the Auditor General and Audit Scotland. With particular reference to the recommendation that the Accounts Commission be asked to co-ordinate the scrutiny of local authorities, it was noted that the Cabinet Secretary for Finance and Sustainable Growth was expected to write to the Chair of the

Commission in the near future, and discussion took place on how this should be handled.

The position was noted.

6. Date of Next Meeting

It was noted that the next meeting of the Accounts Commission was scheduled for 19 March and agreed that it should start at 9.30am.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 19 March 2008 at 9.30am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
J Couper
M Docherty
A Faulds
K Geddes
A Kelbie
J King
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
L Bradley, Director of Audit Services (Local Government)
M Taylor, Assistant Director, Audit Services (Local Government)
A Clark, Assistant Director, Public Reporting (item 4)
C Brown, Portfolio Manager, Public Reporting (item 4)
C Wyllie, external auditor (item 4)
B Hurst, Director of Public Reporting (Health and Central Government)
(item 10)
R Frith, Director of Audit Strategy (item 12)
A Reddish, Technical Adviser, Audit Strategy (item 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Update Report
5.	Aberdeen City Council – Audit of Best Value and Community Planning
6.	Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response
7.	The Development of Single Outcome Agreements
8.	East Lothian Council – Audit of Best Value and Community Planning
9.	Strategy Seminar 2008
10.	Developing Overview Reports of Policy Areas
11.	Commissioner for Public Appointments – Equal Opportunities Strategy
12.	The Audit of Housing and Council Tax Benefit from April 2008
13.	Audit Scotland Financial and Performance Information – Quarter 3
14.	Dates of Meetings
15.	Best Value Audits

1. Apologies

Apologies for absence were intimated on behalf of Isabelle Low.

2. Minutes

The minutes of meeting of 28 February 2008 were submitted and approved.

3. Chair's Introduction

The Chair reported that, since the last meeting of the Commission, he had appeared before the Audit Committee of the Scottish Parliament in connection with the overview report and had attended a meeting with government officials regarding the Crerar Report. In addition he and Isabelle Low had met with representatives of SOLACE, COSLA and the Scottish Consumer Council regarding the next round of Best Value audits and these meetings had proved constructive and helpful.

It was also noted that the report on Improving the School Estate was being published that day.

4. Update Report

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

- Progress of the programme of Best Value audits
- Audit Commission reports
- Tiner Report on NAO Governance.

The Commission agreed to note the report and that a report on the progress of Best Value audits would be submitted to the next meeting of the Commission.

(Action – report to be submitted to next meeting – CG)

5. Aberdeen City Council – Audit of Best Value and Community Planning

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Aberdeen City Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973.

The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission. Thereafter the Commission agreed that, in light of the concerns highlighted in the Controller of Audit's report, it would hold a hearing.

(Action – arrangements to be made for hearing – CC)

6. Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response

There was submitted a report by the Controller of Audit regarding in particular Recommendation 38 of the Crerar Review which asked the Accounts Commission to co-ordinate the scrutiny of local authorities until longer term changes were introduced. It was understood that the government's goal was to move to a position where Best Value was the key corporate level assessment tool, better aligned and co-ordinated

with other corporate audit and performance processes. During the transitional period this was likely to mean two broad roles for the Commission:-

- Clearing any scrutiny relating to the corporate and strategic role of local government, and
- Co-ordinating service related scrutiny of local government functions, including multi-agency inspections of service delivery.

The report set out a number of questions as to how these roles might be carried out in practice.

The Chair reported that he, together with Isabelle Low and Caroline Gardner, had met Ruth Parsons and Ian Mitchell, the senior officials responsible for the Scrutiny Improvement Programme, on 11 March. The two main points discussed had been the authority of the Accounts Commission and the resources which would be needed. The Cabinet Secretary for Finance and Sustainable Growth was to write to ask the Commission to take on this role and to report back in October on the experience and any lessons from implementing this new role.

Following discussion, the position was noted.

7. The Development of Single Outcome Agreements

There was submitted a report by the Controller of Audit providing an update on the development of single outcome agreements between the Scottish Government and local authorities and identifying likely implications for the work of the Commission. It was noted that the development of single outcome agreements provided the Commission with an opportunity to review the SPI regime and consider how best to develop its responsibilities under the 1992 and 2003 legislation in a changed local government environment.

During discussion the following points were made:-

- It would be important to retain those SPIs which would provide a better set of measures than under single outcome agreements
- The concordat and the development of single outcome agreements related to reporting to government, whereas the role of the Accounts Commission was in relation to public performance reporting
- Clear thinking would be required on the type of SPIs on which the Commission would consult – perhaps a mix of high level indicators together with a menu of indicators which would be more specific to local areas
- Consideration was needed to the issue of Community Planning Partnerships and the lead role of local authorities in that regard
- Some indicators should relate to the costs of providing specific services
- Consideration might be given to surveying local people to ascertain what information they would wish.

It was agreed to remit to the Controller of Audit to consider the issues raised during the discussion and bring back a further report to assist the Commission in developing the SPI regime.

(Action – further report to be submitted in June - CG)

8. East Lothian Council – Audit of Best Value and Community Planning

There was submitted a letter dated 25 February 2008 from the Chief Executive of East Lothian Council enclosing a copy of the Improvement Plan and covering report which had been presented to that Council on 22 January, when the Improvement Plan had been formally approved.

The position was noted.

9. Strategy Seminar 2008

There was submitted a report by the Secretary with attached summaries of the discussions which had taken place at the Strategy Seminar on 27-28 February 2008.

It was noted that the Commission's three year Strategy Document was due for renewal. The format of the Strategy Document and proposed targets for 2008/9 were currently being considered and a report would be brought to the Commission in due course.

The position was noted, and it was agreed that appropriate timescales be attached to the action points from the seminar.

With reference to item 6 above discussion took place on the urgency for agreeing the brief and securing resourcing for a dedicated staffing resource to assist the Commission in dealing with its new responsibilities under Crerar. It was agreed to remit to a group comprising the Chair, Deputy Chair and Chairs of the two committees to consider the issues and report back to the Commission.

(Action - timescales to be attached to seminar action points for meeting in April - CC - meeting to discuss resource issues before next meeting - CC/JB)

10. Developing Overview Reports of Policy Areas

There was submitted a report by the Director of Public Reporting (NHS and Central Government) regarding the development of overview reports in the central government sector. The work had been initiated for the Auditor General but it was becoming clear that some of the reports would have most value if they also included some coverage of local government, and the Commission was therefore asked to consider its involvement in future reports of this type.

Attached to the report was a draft of the Sport Overview report which was due for publication in Spring 2008.

During discussion a number of points were made:-

- Some reports would be specific to the Auditor General and it would not be appropriate for the Accounts Commission to be involved
- Consideration of whether reports should be joint should be done when the annual programme of reports was considered
- For areas of national policy where delivery was substantially the responsibility of local government, consideration should be given to a report being done jointly
- Reports should give consideration to the effectiveness of policies
- The extent to which a report might be "joint" might vary depending on the report. A protocol should be put in place to establish which body was in the lead

- It would be important to avoid any blurring of lines of responsibility between the Auditor General and the Accounts Commission.

The Commission agreed:-

- that consideration be given to joint reports when the annual study programme was submitted for consideration;
- that a report on the future handling of joint reports be submitted together with the forward work programme report, and
- that the Sport Overview Report should be issued as an Auditor General report.

(Action – report on future handling of joint reports to be submitted with forward work programme – CG)

11. Commissioner for Public Appointments – Equal Opportunities Strategy

There was submitted a report by the Secretary advising that the Commissioner for Public Appointments in Scotland had a responsibility to ensure that appointments by Scottish Ministers were made fairly and openly and based on the merit of the candidates. She was also required to prepare and publish an equal opportunities strategy for public appointments and, in this regard, had issued a consultation paper with 12 key questions on which comments were requested. A draft response was attached to the report for consideration and approval.

Discussion took place on the general issues and concern was expressed that the average number of applicants for public appointments had fallen at a time when the process was becoming more complicated. It was important to ensure that the process worked, that timetables were adhered to and that applicants were treated with respect throughout the process. Consideration was needed of the barriers to people applying. This should involve proper research and the proposed centre of expertise could tackle that. Dialogue with chairs of key bodies would be appropriate and an open day to allow for meeting the chairs of key bodies would be helpful.

It was agreed to send a general response rather than answer the questions which had been posed; and to remit to the Secretary, in consultation with the Chair, Adrienne Kelbie and Iain Robertson to finalise the reply.

(Action – reply to be agreed and submitted – CC)

12. The Audit of Housing and Council Tax Benefit from April 2008

There was submitted a report by the Director of Audit Strategy providing information of the plans drawn up by Audit Scotland to take over responsibility for the inspection of local authorities housing and council tax benefit services in Scotland from April 2008 and seeking authority to commence a rolling programme of risk assessments of the services from that date.

The Commission agreed:-

- to endorse Audit Scotland's plans for the audit of housing and council tax benefit services in Scotland from April 2008, and

- ii. to authorise Audit Scotland to commence a rolling programme of risk assessments of all housing and council tax benefit services in Scotland, to carry out focused audits when appropriate and to report its findings and recommendations to the Commission when both phases of the new audit had been conducted.

(Action – report back following completion of audit – RF)

13. Audit Scotland Financial and Performance Information – Quarter 3

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland for the nine months to 31 December 2007.

The position was noted and it was agreed that letters be sent to the relevant firms asking for an explanation for the late completion of annual audit reports and information regarding when the late reports had been sent to councils for comment.

(Action – letters to firms –RF)

14. Dates of Meetings

Discussion took place on the dates for meetings for the remainder of the year and it was agreed to add a provisional date of 13 August.

15. Best Value Audits – Timescales

Discussion took place on the timescales for carrying out and completing Best Value audits and the staffing of the Best Value teams.

It was agreed that the Controller of Audit would report back with details of the timescale for Best Value audits as previously agreed by the Commission.

(Action – report back on timescales to next meeting – CG)

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 23 April 2008 at 10.30am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
J Couper
M Docherty
A Faulds
K Geddes
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
L Bradley, Director of Audit Services (Local Government)
F McKinlay, Assistant Director, Best Value (item 6-10)
A Clark, Assistant Director, Public Reporting (item 6-10)
C Wilson, Performance Auditor, Best Value (item 6)
B Crosbie, Senior Audit Manager, Audit Services (Local Government)
(item 6)
B Hurst, Director of Public Reporting (Health and Central
Government)(item 10)
R Frith, Director of Audit Strategy (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Financial Audit and Assurance Committee
4.	Chair's Introduction
5.	Report by Controller of Audit
6.	Best Value Audit of Falkirk Council
7.	Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Progress Report
8.	Best Value Improvement Plan for Best Value 2
9.	Best Value Audits – Progress Update
10.	Programme of National Performance Audit Studies
11.	National Fraud Initiative – 2006/07 Exercise
12.	Other Business

1. Apologies

Apologies for absence were intimated on behalf of Adrienne Kelbie.

2. Minutes

The minutes of meeting of 19 March 2008 were submitted and approved.

3. Financial Audit and Assurance Committee

The minutes of meeting of 2 April 2008 were submitted and noted subject to the under noted amendments:-

- The inclusion of Isabelle Low in the sederunt
- The inclusion at the end of article 2 of the following – “It was agreed to delegate to the Chair of the Committee to approve correspondence to audit firms in relation to local authority audit completion matters”
- The inclusion at the end of the second paragraph of article 5 of the following –
“One member questioned whether the committee’s involvement in the advance vetting of external auditors’ professional standards was necessary and whether such involvement might possibly blur the responsibility and accountability of Audit Scotland.”

(Action – Catherine Coull to amend minute)

4. Chair’s Introduction

The Chair reported on a meeting he had attended with Ruth Parsons of the Scottish Government as part of the consultation into Best Value round 2.

He also reported on the arrangements for the hearing into the Best Value report on Aberdeen City Council.

The position was noted.

5. Report by the Controller of Audit

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

Scrutiny Improvement Programme
Education, Lifelong Learning and Culture Committee
Best Value audits

The Commission noted the terms of the report.

6. Best Value Audit of Falkirk Council

There was submitted a report by the Secretary introducing the Controller of Audit’s report of the Best Value Audit of Falkirk Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by the members of the Commission.

Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

7. Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Progress Report

With reference to items 6 and 9 of the minute of meeting of 19 March 2008, there was submitted a report by the Secretary advising that the Chair, Isabelle Low and Douglas Sinclair had met on two occasions and advising of progress which had been made. Arising from the report it was noted that a meeting was arranged with the Chief Executives (or equivalent) of the relevant scrutiny bodies at which the Commission would be represented by the Chair, Isabelle Low and Douglas Sinclair but that Ruth Parsons was now unable to attend the meeting.

The position was noted.

8. Best Value Improvement Plan for Best Value 2

There was submitted a report by the Director of Public Reporting (Local Government) inviting the Commission to consider a framework through which it could develop its approach to the second round of audits of Best Value and Community Planning in councils, in readiness for the introduction of Best Value 2 in 2009. The framework was set out in a draft Best Value Improvement Plan which was attached to the report.

Discussion took place on the draft Best Value Improvement Plan and it was agreed that the following points be taken into account in developing the plan:-

- The need for greater emphasis on the public interest and customer focus
- The need for greater emphasis on outcomes
- Earlier and stronger reference to the tension between continuous improvement and additional cost
- Clarification that the Best Value audit will be based on self assessment and the need for a single corporate assessment system to be designed
- The need for feedback on good practice and for Audit Scotland to ensure that best practice was disseminated to all councils
- Greater emphasis on the need for extra rigour in pursuing the evidence base
- The key principles in table 1 should include the characteristics of a Best Value council.

The Commission:-

- i. noted the draft Best Value Improvement Plan subject to the comments above;
- ii. agreed to receive regular updates on progress in implementing the Improvement Plan at future meetings, and
- iii. agreed that the Chair write to external stakeholders to advise them of progress, including information relating to key principles and key points of the draft Improvement Plan, and that further consultation with external stakeholders take place once the proposals for Best Value 2 were available in late Autumn.

(Action – Chair to write to stakeholders)

9. Best Value Audits – Progress Update

With reference to item 15 of the minute of meeting of 19 March 2008 there was submitted report by the Director of Public Reporting (Local Government) with details of progress on the first round of Best Value audits and the elapsed time taken on each completed audit.

The report was noted and it was agreed that the Director of Public Reporting (Local Government) email all members with information regarding the number of actual working days taken for each Best Value report.

(Action – David Pia to send email to members)

10. Programme of National Performance Audit Studies

There was submitted report by the Directors of Public Reporting informing the Commission of the approach being taken by Audit Scotland to develop proposals for the future programme of national studies and inviting members to comment on the themes from which they would like to see specific study topics brought forward for further consideration.

It was agreed to approve the themes to underpin the selection of specific topics, subject to the following changes:-

- Fourth bullet point to read “examining efficiency and effectiveness”
- Attention to outcomes, the use of experience and the interests of client groups to be three separate themes
- Last bullet point to read “scrutinising public policy change and its impact”.

It was further agreed that more detailed information about potential studies, including information as to their relative importance, be submitted to the Performance Audit Committee for consideration at its meeting on 7 May.

(Action – report to Performance Audit Committee)

11. National Fraud Initiative – 2006/07 Exercise

There was submitted report by the Director of Audit Strategy with attached a near final draft of Audit Scotland’s report on the 2006/07 National Counter Fraud Initiative.

Discussion took place on the benefits of more information being included in the report as to the results of the initiative in terms of money recovered etc.

Thereafter the Commission noted the report.

12. Other Business

- a. Powers of Accounts Commission - It was agreed to remit to the Secretary to submit a report on the respective powers and responsibilities of the Accounts Commission and Audit Scotland;

(Action – Secretary to submit report)

- b. Local Authority Audit Completion, 2006/7 Audits – With reference to item 13 of the minute of meeting of 19 March 2008 Russell Frith circulated responses from the relevant firms regarding the late completion of annual audit reports.

The position was noted.

Falkirk BV report –findings

1. The Commission accepts this report on the performance of Falkirk Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
2. Falkirk Council shows good, solid performance with many characteristics of best value, while still having room for improvement in some areas. In particular, there is evidence that the council does well in regard to:
 - Vision and strategic direction
 - Community engagement
 - Customer focus
 - Partnership working
 - Performance management
 - The delivery of a number of major projects and initiatives contributing to economic development and regeneration
3. With regard to areas where the council needs to make progress we would highlight the following:
 - There is a need to ensure that the clear strategic vision and the culture of performance management, customer focus and community engagement is driven through into service improvement throughout the council
 - It is important that the current high level of senior management vacancies should be addressed as quickly as possible
 - Service performance is mixed. The council is aware of the areas where performance is poorer and needs to take appropriate action to bring about improvements.
 - The council should review its approach to scrutiny to ensure that the Best Value and Audit Forum meets in public, in accordance with the principles of accountability and openness.
 - Traditional financial planning is sound and the council has a prudent approach to financial management, but more needs to be done to align financial planning to the council's vision and to develop longer term planning.
 - The council's planned review of its commercial services should be accorded a high priority, to ensure that they are competitive
 - Work is needed to ensure that best practice is being delivered in people management and leadership development, with particular attention to areas where absence levels are high.
 - Priority should be given to leadership development and training of elected members, in view of the number of new members elected in May 2007
4. The Commission looks forward to receiving an improvement plan with measurable and achievable outcomes, which will build on the good work being done by the Council.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 30 April 2008 at 10.30am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
J Couper
K Geddes
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
F McKinlay, Assistant Director, Best Value
C Brown, Portfolio Manager, Best Value (item 2)
N Bennett, Partner, Scott-Moncrieff (item 2)
P Reilley, Best Value Performance Auditor (item 3)
C Revie, Partner, PricewaterhouseCoopers (item 3)
G Smail, Portfolio Manager (item 4)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Best Value Audit of Orkney Islands Council
3.	Best Value Audit of North Lanarkshire Council
4.	Aberdeen City Council Property Sales Investigation
5.	Strategy Seminar 2008 - Action Points

1. Apologies

Apologies for absence were intimated on behalf of Michael Docherty, Ann Faulds and Adrienne Kelbie.

2. Best Value Audit of Orkney Islands Council

There was submitted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of Orkney Islands Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit, members of the Best Value audit team and the appointed auditor answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

3. Best Value Audit of North Lanarkshire Council

There was submitted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of North Lanarkshire Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit, members of the Best Value audit team and the appointed auditor answered questions by members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 2 to these minutes.

4. Aberdeen City Council Property Sales Investigation

There was submitted a report by the Secretary introducing the Controller of Audit's report on the property sales investigation in Aberdeen City Council. The report was made by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions by the members of the Commission.

Thereafter the Commission agreed to hold a hearing in respect of the report; and, given the arrangements already in place for a hearing into the report by the Controller of Audit on the audit of Best Value and Community Planning in Aberdeen City Council, agreed to cover this report as part of that hearing.

5. Strategy Seminar 2008 – Action Points

With reference to article 9 of the minute of meeting of the Commission of 19 March 2008 there was submitted a report by the Secretary with appropriate timescales attached to the action points from the Strategy Seminar. The Commission noted that it had been agreed at its meeting on 23 April to report back to external stakeholders regarding progress on Best Value 2 and, with that amendment, approved the report.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE AUDIT OF ORKNEY ISLANDS COUNCIL
FINDINGS

1. The Commission accepts this report on the performance of Orkney Islands Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
2. The Commission recognises the challenges faced by Orkney Islands Council arising from its remote and dispersed geography. We acknowledge the Council's good leadership and its performance in a number of areas, and the innovative approach which it has adopted in response to its circumstances, in particular in its partnership arrangements with NHS Orkney and its joint working with community councils.
3. We particularly welcome-
 - the Council's level of self awareness
 - its culture of openness
 - the extent of community engagement
 - the Council's financial planning and sustainability
4. With regard to areas where the Council needs to make progress we would highlight the following-
 - The Council needs to adopt innovative approaches to building capacity, particularly to support corporate functions
 - There is a need for effective corporate performance management arrangements
 - The community and corporate plans need to be supported by clear action plans with specific, measurable targets and milestone dates
 - A number of the basic systems and processes to support and demonstrate best value are not yet in place
5. The Commission notes that the Council carries out benchmarking with the other islands councils and would encourage it to benchmark with a wider range of councils, to enable benefits to be achieved from best practice elsewhere in Scotland. We look forward to receiving an improvement plan with measurable and achievable outcomes, which will build on the good work being done by the Council.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE AUDIT OF NORTH LANARKSHIRE COUNCIL
FINDINGS

1. The Commission accepts this report on the performance of North Lanarkshire Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
2. North Lanarkshire Council demonstrates a strong commitment to improvement. We recognise the challenges arising from the degree of deprivation in the area of the Council and the low base from which the Council started, and acknowledge the pace of change across the Council and its high rate of service improvement. We appreciate that the Council recognises areas where improvement is needed in service delivery and would encourage the Council to focus attention on these areas.
3. The particular aspects of the Council which the Commission welcomes include-
 - Good strategic direction, with good leadership and clear vision
 - Consultation with service users
 - A strong commitment to continuous improvement
 - Well developed arrangements for financial, asset and risk management.
4. The Commission will be interested to see the Council implement its improvement agenda, particularly in respect of-
 - An increase in uptake of training by elected members
 - The development of the scrutiny of policy implementation
 - The production of a comprehensive human resources strategy, together with improved sickness absence rates and staff morale.
5. We recognise that North Lanarkshire Council has the capacity and ability to build on its current high performance and look forward to seeing further improvement.

Minutes of the meeting of the Accounts Commission held in Town and County Hall, Aberdeen on Tuesday 13 and Wednesday 14 May 2008.

PRESENT: J Baillie (Chair)
A Faulds
K Geddes
I Robertson
D Sinclair

IN ATTENDANCE: C Coull, Secretary

Item No

Subject

1. Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation

1. Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation

The Commission held a hearing under section 103 of the Local Government (Scotland) Act 1973 in respect of:-

- a. the report by the Controller of Audit on the Audit of Best Value and Community Planning in Aberdeen City Council (paragraph 5 of the minute of meeting of 19 March 2008 refers); and
- b. the report by the Controller of Audit on the Property Sales Investigation in Aberdeen City Council (paragraph 4 of the minute of meeting of 30 April 2008 refers).

The following persons gave evidence to the hearing:-

- Caroline Gardner, Controller of Audit, David Pia and Antony Clark of Audit Scotland and Cathie Wyllie of Henderson Loggie, the Council's external auditor
- Councillor Katharine Dean, Leader of the Council; Councillor Kevin Stewart, Depute Leader; Douglas Paterson, Chief Executive; Gordon Edwards, Corporate Director for Resources Management; Martin Murchie, Head of Performance Management and Quality Assurance; John Tomlinson, Corporate Director for Neighbourhood Services (North Area); Abigail Tierney, Corporate Director for Strategic Leadership; Susan Cooper, City Chamberlain; Colin Hunter, Head of Resources Development Delivery, Resources Management Directorate; Alan White, Head of Services for Sheltered Environment, Neighbourhood Services Directorate (Central Area); Ewan Sutherland, Head of Human Resources
- Councillor Leonard Ironside, Leader of the Labour Group
- Councillor Alan Milne, Leader of the Conservative Group
- Karen Donnelly, UNISON
- Janet Adams, GMB; Grant Bruce, EIS; Graham Tran, Unite (Amicus); and Tommy Campbell, Unite (T&G)
- Rhonda Kelly, Chief Executive, Aberdeen Council of Voluntary Organisations
- Paul Hannan, Chief Executive, The Cyrenians
- Sultan Feroz, Aberdeen Trades Union Council

At the conclusion of the evidence the hearing was adjourned.

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday 21 May 2008 at 10.30am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
A Faulds
K Geddes
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
T Yule, Local Government Improvement Adviser, Public Reporting
M Taylor, Assistant Director, Audit Services (item 5)
F Mitchell Knight, Assistant Director, Audit Services (item 5)
L McGiffen, Portfolio Manager, Best Value (item 5)
F McKinlay, Assistant Director, Best Value (items 6 and 7)
G Woolman, Assistant Director, Audit Services (item 6)
N Thornton, KPMG (item 6)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Best Value Audit of Aberdeenshire Council
6.	Best Value Audit of Midlothian Council
7.	Best Value Audits – Progress Update
8.	Audit Scotland Financial and Performance Information – Quarter 4 and Year End January to March 2008

1. Apologies

Apologies for absence were intimated on behalf of Jean Couper, Michael Docherty and Adrienne Kelbie.

2. Minutes

The minutes of meetings of 23 and 30 April 2008 were submitted and approved.

3. Chair's Introduction

The Chair reported that, since the last meeting of the Commission, the hearing at Aberdeen City Council had taken place. He expressed his thanks to his fellow Commissioners and to Catherine Coull, Caroline Gardner, David Pia and Anne McCubbin for all their work and assistance in this regard.

The following week he was to be attending the Local Government and Communities Committee of the Parliament to give evidence on the local government overview report; and, together with Isabelle Low and Douglas Sinclair, was to be holding a meeting with the other scrutiny bodies to discuss taking forward the Commission's gate keeping role in respect of the Crerar Report.

The position was noted.

4. Report by the Controller of Audit

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

- Scrutiny improvement programme
- Single outcome agreements
- Education, Lifelong Learning and Culture Committee
- Local Government and Communities Committee
- Local government sector meeting.

The Commission noted the terms of the report.

5. Best Value Audit of Aberdeenshire Council

Ann Faulds declared an interest in this item. She left the room and took no part in the consideration of the item.

There was submitted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of Aberdeenshire Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by the members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Best Value Audit of Midlothian Council

There was submitted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of Midlothian Council. The report was made by the

Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by the members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 2 to these minutes.

7. Best Value Audits – Progress Update

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the first round of Best Value audits.

It was noted that it was intended to bring a proposal to the Commission regarding the possible development of an overview of the first round of Best Value audits to mark the end of BV1 and the Commission agreed that a skeleton timetable should be submitted to the next meeting.

Thereafter the terms of the report were noted.

The Chair expressed his thanks to the team for catching up with the programme of Best Value audits.

(Action – David Pia to submit timetable.)

8. Audit Scotland Financial and Performance Information – Quarter 4 and Year End January to March 2008

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland to 31 March 2008.

The report was noted.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE REPORT ON ABERDEENSHIRE COUNCIL
FINDINGS

The Commission accepts this report on the performance of Aberdeenshire Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

The particular aspects of the Council which the Commission welcomes include-

- Its decentralisation arrangements and devolved decision-making structure
- Its commitment to joint working
- Good service performance in a number of key areas
- Its sound traditional financial control

However, to deliver Best Value fully, the Council now needs to adopt a more strategic approach and to co-ordinate its plans more effectively. The Council has adopted its strategic priorities for the next four years – these now need to be rigorously implemented to ensure that the desired outcomes are achieved. The Council also needs to increase and maintain the pace of change and to ensure that initiatives are followed through and evaluated.

With regard to the areas where the Council needs to make progress, we would highlight the following –

- A more effective approach to community planning, with members providing leadership and working more closely with community planning partners
- The development of a clear approach to ensuring that its services are competitive, through regular options appraisals and benchmarking and, where necessary, market testing
- The need for more developed risk and asset management
- The need for a more strategic approach to financial management.

We look forward to receiving an improvement plan from the Council, with measurable and achievable outcomes, which take forward the recommendations in the report by the Controller of Audit and the issues highlighted in these findings.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE REPORT ON MIDLOTHIAN COUNCIL
FINDINGS

The Commission accepts this report on the performance of Midlothian Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

Midlothian Council has an ambitious vision based on its understanding of local needs and issues and we welcome its effective engagement with communities and its generally sound financial management. We also recognise the work the Council is doing in house building and improving the quality of its school estate. However, the Council has some way to go before it is in a position fully to demonstrate Best Value and continuous improvement. While many of the necessary processes are in place, there is a need for more effective implementation and clearer priorities.

The Council needs to take corporate action –

- to drive initiatives through to completion
- to deal with the areas where there are significant service deficiencies
- to improve its standards of customer care
- to take forward the important people management issues which have not yet been fully delivered
- to put in place and use effective processes to support continuous improvement across all areas
- to work at ensuring that its priorities can be delivered within the agreed timescales.

In addition, we consider that particular attention should be given to –

- Elected members and senior officers providing a clearer focus on Best Value and support for continuous improvement
- Scrutiny arrangements consistently providing members with timely information about service performance
- Ensuring the competitiveness of its services, with the use of options appraisals and benchmarking and, where appropriate, market testing
- Considering how best to build managerial and professional capacity within the Council

The Commission looks forward to receiving an improvement plan with measurable and achievable outcomes to take forward these findings and the recommendations in the report by the Controller of Audit.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 21 May 2008.

PRESENT: J Baillie (Chair)
A Faulds
K Geddes
I Robertson
D Sinclair

IN ATTENDANCE: C Coull, Secretary

Item No

Subject

1. Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation

1. Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation

The Commission resumed consideration of the reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation in Aberdeen City Council, together with the evidence of the hearing held on 13 and 14 May 2008.

After considerable discussion the draft findings were agreed. It was delegated to the Chair, in consultation with Douglas Sinclair and Iain Robertson, to finalise the wording. The approved findings are attached as an Appendix to these minutes.

ACCOUNTS COMMISSION FOR SCOTLAND

ABERDEEN CITY COUNCIL: REPORTS BY THE CONTROLLER OF AUDIT ON THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING AND ON THE PROPERTY SALES INVESTIGATION

FINDINGS AND RECOMMENDATIONS BY THE ACCOUNTS COMMISSION FOR SCOTLAND

Introduction

On 19 March 2008 the Accounts Commission considered a report by the Controller of Audit on the Audit of Best Value and Community Planning in Aberdeen City Council. The report was made under section 102 (1) (c) of the Local Government (Scotland) Act 1973. The Commission agreed that, in light of the concerns highlighted in the Controller of Audit's report, it would hold a hearing.

On 30 April 2008 the Accounts Commission considered a report by the Controller of Audit in respect of a property sales investigation in Aberdeen City Council. This was a public interest report made under section 102 (1) (b) of the Local Government (Scotland) Act 1973. The Commission agreed to hold a hearing in respect of the report; and, given the arrangements already in place for a hearing into the report on the Audit of Best Value and Community Planning, agreed to cover the report on the property sales investigation as part of that hearing.

Hearing

The hearing was held on 13 and 14 May 2008 in Aberdeen. The Commission heard evidence from –

- Caroline Gardner, Controller of Audit, David Pia and Antony Clark of Audit Scotland and Cathie Wyllie of Henderson Loggie, the Council's external auditor
- Councillor Katharine Dean, Leader of the Council; Councillor Kevin Stewart, Depute Leader; Douglas Paterson, Chief Executive; Gordon Edwards, Corporate Director for Resources Management; Martin Murchie, Head of Performance Management and Quality Assurance; John Tomlinson, Corporate Director for Neighbourhood Services (North Area); Abigail Tierney, Corporate Director for Strategic Leadership; Susan Cooper, City Chamberlain; Colin Hunter, Head of Resources Development and Delivery, Resources Management; Alan White, Head of Service for Shelter and Environment, Neighbourhood Services (Central Area); Ewan Sutherland, Head of Human Resources – Resources Management
- Councillor Leonard Ironside, Leader of the Labour Group
- Councillor Alan Milne, Leader of the Conservative Group
- Karen Donnelly, UNISON
- Janet Adams, GMB; Grant Bruce, EIS; Graham Tran, Unite (Amicus); and Tommy Campbell, Unite (T&G)
- Rhonda Kelly, Chief Executive, Aberdeen Council of Voluntary Organisations
- Paul Hannan, Chief Executive, The Cyrenians
- Sultan Feroz, Aberdeen Trades Union Council

A transcript of the hearing is available on Audit Scotland's website www.audit-scotland.gov.uk.

Findings

1. The challenges facing the Council are collectively extremely serious. While the Council accepted the accuracy of both reports by the Controller of Audit, we found that there was a lack of a full appreciation of the seriousness of its current circumstances.
2. The decision by the Chief Executive to retire affords the Council an immediate opportunity for new leadership at management level. In parallel with the early recruitment of a new and experienced Chief Executive we consider that the Council now needs to demonstrate a strong and clear commitment to leading the implementation of the necessary changes. To date, in some specific areas such as the control of budgets, leadership has not been as effective as it should have been. The scale of the challenge facing the Council warrants the agreement of an improvement plan which has all-party support.
3. We do not believe that the Council currently has the capacity to carry forward the changes that are needed whilst managing its financial position and budget. In addition to the recruitment of a new Chief Executive we make recommendations that the Council secure appropriate external assistance, including from an expert in local government finance.
4. We are concerned that the Council believes that the organisational structure is fit for purpose while the findings of Her Majesty's Inspector of Education and the Social Work Inspection Agency indicate that the Council's two largest services lack leadership and direction. We believe that there is a case for the organisational structure to be simplified and for effective leadership, which commands the respect and support of employees, to be put in place for the Council's major services.
5. We have concerns about the governance arrangements within the Council, particularly the need for more effective member scrutiny.
6. There appears to be a fundamental morale problem among many of the employees of the Council. The Council frequently refers to a "culture of non-compliance" as a reason for its difficulties. We do not accept that explanation. It seems to us that there has been a failure to engage with employees in the changes which have taken place or which have been attempted.
7. With regard to the report by the Controller of Audit on the property sales investigation, the Council accepted the many and significant shortcomings in procedures detailed in that report. Other proceedings are taking place in relation to the property transactions and, therefore, we focussed in the hearing on the procedures that the Council has now put in place and on procedures for the future. These procedures are those that we would expect any Council to have had in place. We make a recommendation regarding the monitoring of significant property transactions.
8. We endorse the view of the Council's external auditor that the Council is in a precarious financial position. Over the past three years the Council expenditure has been significantly in excess of its budget, giving rise to concern over diminishing reserves and leading to the need for a substantial package of savings in the current financial year. Given the previous record of failure to meet savings targets, we cannot have confidence that these savings will be delivered and we accordingly make recommendations regarding the close and frequent monitoring of the position.

Recommendations

The Commission, therefore, recommends to the Council that it takes immediate action in respect of the following:-

- a. Action should begin immediately to recruit a new and experienced Chief Executive. The interview panel should include representation from all political groups on the Council and should have external advisers.
- b. The Council should secure appropriate external assistance from peers, to assist it in implementing these findings and taking forward the conclusions of the Controller of Audit's reports.
- c. We would encourage the Council to establish an all party leadership board for the specific purpose of taking ownership of its improvement plan.
- d. Immediately following the appointment of a new Chief Executive a review of the Council's organisational structure should be undertaken. There should be full engagement with employees in considering the options for this structure.
- e. The Council should appoint an independent local government finance expert to establish whether the Council's proposed savings are accurate and achievable, and closely to monitor the delivery of the savings. We also recommend that the Council's external auditor has access to all papers and minutes of the budgetary review working group and be entitled to attend all meetings.
- f. The Council should ensure that robust and effective governance arrangements are in place, including officers producing reports that outline policy options, members receiving all committee papers in accordance with the timescales laid down in the Local Government (Access to Information) Act and the Council's standing orders, and members attending appropriate training courses.
- g. To enhance public confidence in scrutiny, we recommend that scrutiny arrangements be chaired by a member of an opposition party.
- h. All significant property transactions should be signed off by both the Chief Financial Officer and the Monitoring Officer to ensure appropriate governance and accountability.

The Local Government (Scotland) Act 1973 (as amended) requires the Council to consider these findings at a meeting of the Council within three months of receiving them, and to decide whether to accept any or all of these recommendations and what action to take in response to them. We recommend that Scottish Ministers take appropriate action to ensure that, should there be any deficiencies in the implementation process, these are rectified.

The Commission will continue to monitor the circumstances of the Council through the Council's external auditors. We require a further report by the Controller of Audit on progress made by the Council in twelve months' time. We will give consideration at that point to any further measures that need to be taken.

29 May 2008.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 18 June 2008 at 10.30am

PRESENT: J Baillie (Chair)
O Clarke
M Docherty
K Geddes
A Kelbie
J King
I Low
I Robertson
D Sinclair
J Couper

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
B Hall, Portfolio Manager – Local Government, Public Reporting
R Nicol, Assistant Director, Public Reporting – Local Government
(items 1-9)
M Alcock, Portfolio Manager - Communities (item 7)
S Stewart, Best Value Performance Auditor – Public Reporting (item 7)
A Taylor, Portfolio Manager (Performance Information) (item 8)
B Hurst, Director of Public Reporting (NHS and Central Government)
(item 9)
F McKinlay, Assistant Director (Best Value) – Public Reporting
(items 11 and 12)
A Clark, Assistant Director – Public Reporting (items 11 and 12)
T Yule, Local Government Improvement Advisor (items 11 and 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Performance Audit Committee
4.	Chair's Introduction
5.	Meeting with Local Government Scrutiny Bodies
6.	Report by the Controller of Audit
7.	Fire and Rescue Authorities – Follow-up Report
8.	Statutory Performance Indicators (SPIs) – Consultation on the 2008 Direction
9.	Consultation Paper on the Programme of National Performance Audit Studies
10.	Best Value Audits – Progress Update
11.	Proposal for Best Value 1 Overview Reporting
12.	Update on Best Value 2 Developments
13.	Audit Appointments - ESEC and CVLDJC
14.	Consultation on Audit Scotland's Corporate Plan
15.	Gender Equality Progress Report

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander and Ann Faulds.

2. Minutes

The minutes of meetings of 13 and 14 and the two meetings on 21 May 2008 were submitted and approved.

3. Performance Audit Committee

The minutes of the meeting of the Performance Audit Committee of 7 May 2008 were submitted and approved.

4. Chair's Introduction

The Chair indicated that he had no matters to report other than those included in the agenda for this meeting.

5. Meeting with Local Government Scrutiny Bodies

There was submitted a note of the meeting held with the Cabinet Secretary for Finance and Sustainable Growth and the local government scrutiny bodies on 26 May 2008.

Caroline Gardner reported that the first meeting of the operational group had taken place and she outlined the progress which had been made. With regard to the proposal that Richard Kerley provide some consultancy to the Accounts Commission, it was noted that terms of reference were being drafted for approval by the Commission in due course.

The position was noted.

(Action – Terms of Reference to be submitted to a future meeting – Chair/ Catherine Coull)

6. Report by the Controller of Audit

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

- Scrutiny improvement programme
- Single outcome agreements
- Local authority audits
- CIPFA consultation papers
- Audit Commission reports

The report was noted and it was agreed:-

- i. that a joint response with Audit Scotland be submitted to the CIPFA consultation papers; and
- ii. that the Controller of Audit report in September on the detailed position with regard to single outcome agreements.

(Action – Report on single outcome agreements to be submitted to September meeting – Caroline Gardner)

7. Fire and Rescue Authorities – Follow-up Report

There was submitted a report by the Director of Public Reporting (Local Government) informing and updating the Commission on the impact of the performance audit of Scottish fire and rescue authorities undertaken in 2006 and seeking approval of the draft report on progress made since the national report had been published in March 2007.

Following discussion the Commission agreed:-

- i. to approve the draft report on progress made by fire and rescue authorities, subject to strengthening the wording in paragraphs 11-14 regarding the need for a coherent national approach to collecting and reporting performance information;
- ii. to approve the proposals regarding publication of the report;
- iii. that the Chair write to conveners of fire and rescue authorities (with copies to Chief Fire Officers) stressing the importance of maintaining momentum in delivering Best Value in fire and rescue services; indicating that the Commission intended that fire and rescue authorities be included in the Best Value 2 arrangements and that the gap between fire and rescue authorities and Councils in relation to Best Value needed to be closed; and stressing the need for lead authorities to carry out induction training for members of fire and rescue authorities to enable elected members to carry out their key challenge role; and
- iv. that a report be submitted to the next meeting giving more information and a rough timescale regarding the roll-out of Best Value for fire and rescue authorities.

*(Action – report to next meeting with rough timescale – David Pia
- letter to conveners – Chair/David Pia)*

8. Statutory Performance Indicators (SPIs) – Consultation on the 2008 Direction

There was submitted a report by the Director of Public Reporting (Local Government) setting out a possible new approach to the use of SPIs, together with a proposed consultation paper and a draft direction. This would require local authorities to report information that demonstrated how they met their Best Value duty and how they balanced their national responsibilities with local priorities relating to local needs.

Considerable discussion took place on the report during which views were expressed that, while there was a case for moving away from the status quo at the present time, it would be premature to do so before assessing the impact of the outcome Agreements on the availability of performance information. It was agreed that there remained a need for a number of key SPIs to remain in place and, while it was accepted that a number of SPIs were not fit for purpose, any new approach should consider opportunities to increase the SPI information available on the cost of services and on issues of interest to service users. Concerns were expressed that moving too far away from SPIs would lose the element of comparability year-on-year within councils. It was accordingly felt appropriate that, while moving to a new

approach, a number of SPIs should be retained and the potential for some new SPIs relating to cost be explored.

It was agreed that a revised consultation paper, informed by analysis of the finalised SOAs, be submitted to the meeting of the Commission in September to include recommendations as to which current SPIs should be retained in the meantime and some suggestions for new SPIs based more on cost.

(Action – Further report with revised consultation paper in September – David Pia)

9. Consultation Paper on the Programme of National Performance Audit Studies

There was submitted a report by the Director of Public Reporting outlining the approach to drawing up the proposed programme of national studies and submitting a draft consultation paper providing a short description of 37 potential studies.

During discussion a number of points were made:-

- A study on managing inefficiency would be of more use than a study of managing sickness, which has been looked at on a number of occasions
- The proposed study on shared services should start with key study questions of “where is the evidence of greater efficiency from shared services; and what benefit have shared services brought?”
- Consultees should be asked whether they think fewer studies should be done in more depth
- The Foreword to the consultation paper should be from the Chair of the Accounts Commission and the Auditor General.

Thereafter the Commission agreed:-

- i. to approve the consultation paper on the programme of National Performance Audit Studies, subject to the above comments;
- ii. that the Foreword to the consultation paper be from the Chair of the Accounts Commission and the Auditor General; and
- iii. to note that the Performance Audit Committee had agreed that the criteria for studies be reviewed in due course with the studies being based on more up-to-date criteria and consideration being given to some form of scoring system.

10. Best Value Audits – Progress Update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the first round of Best Value Audits.

11. Proposal for Best Value 1 Overview Reporting

There was submitted a report by the Director of Public Reporting (Local Government) setting out a proposal for the publication of a report to mark the end of the first round of Audits of Best Value and Community Planning.

During discussion the following points were made:-

- The report should be used to highlight and disseminate good practice

- The report should draw attention to the added value provided by Accounts Commission audit and scrutiny
- Consideration needed to be given to the interface between this proposed report and the annual overview report and between this report and the Best Value issues included in the Consultation Programme for National Studies
- Following publication of the report the Accounts Commission should repeat the exercise of meeting with councils.

Thereafter the Commission agreed to approve the development of a Best Value 1 overview report with a target publication date of August 2009 and remitted to the Chair to identify sponsors to keep in touch with progress of the work.

(Action – Sponsors to be appointed – Chair/Catherine Coull)

12. Update on Best Value 2 Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress in developing the Best Value 2 audit approach; seeking approval of the revised draft of the Best Value improvement plan, which reflected the Commission's discussion at its April meeting; and advising of communications about Best Value 2 developments with local authority chief executives, COSLA, SOLACE, the Scottish Government and the Scottish Consumer Council.

The Commission noted the terms of the report and approved the revised Best Value improvement plan subject to the following:-

- A key question being included on page 12 regarding the need to strike a balance between a council meeting the Best Value standard as opposed to a council making real progress, and consideration of the context in which a council was operating.
- The inclusion of a key question relating to the need to adopt a common scrutiny language.
- The inclusion of a key question on page 14 relating to the role of user involvement
- A change in wording on page 9 from "high performing council" to "Best Value council".

13. Audit Appointments - ESEC and CVLDJC

There was submitted a report by the Director of Audit Strategy asking the Commission to approve a change to the Auditor of the East of Scotland European Consortium and to appoint an auditor to the Clyde Valley Learning and Development Joint Committee.

The Commission agreed to appoint Henderson Loggie to audit ESEC with effect from the financial year 2008/09 and to appoint PricewaterhouseCoopers to audit CVLDJC with effect from the financial year 2007/08.

14. Consultation on Audit Scotland's Corporate Plan

There was submitted a report by the Director of Corporate Services setting out Audit Scotland's arrangements for consulting with clients and stakeholders on its new corporate plan. All Accounts Commission members would be invited to take part in a

web-based survey in June/July and it was intended that discussion would thereafter take place at a meeting of the Commission.

The position was noted.

15. Gender Equality Progress Report

There was submitted a report by the Director of Corporate Services presenting a draft Gender Equality Progress summary for approval.

The point was made that the report was not sufficiently tailored to the work of the Accounts Commission and that a number of gaps needed to be filled. It was accordingly agreed that a revised draft be prepared and it was delegated to Isabelle Low to approve the final version.

(Action – Revised report to be prepared – Diane McGiffen/Isabelle Low)

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday, 16 July 2008 at 10.30am

PRESENT: J Baillie (Chair)
M Docherty
K Geddes
J King
I Low
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
Fiona Lees, Chief Executive, East Ayrshire Council (item 2)
P Tait, Assistant Director, Audit Services (item 2)
C Wyllie, Henderson Loggie (item 3-7)
A MacDonald, Senior Audit Manager, Audit Services (items 3-7)
F McKinlay, Assistant Director (Best Value) – Public Reporting
(items 3-11)

Item No

Subject

1. Apologies for Absence
2. Concordat and Scrutiny - Presentation
3. Minutes
4. Performance Audit Committee
5. Chair's Introduction
6. Report by the Controller of Audit
7. Best Value Audit of Perth and Kinross Council
8. Developing Best Value Audits for Police and fire and Rescue Authorities
9. Best Value Audits – Progress Report
10. Update on Best Value 2 Developments
11. CIPFA Consultations on Local Authority Reporting

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander, Owen Clarke, Jean Couper, Ann Faulds, Adrienne Kelbie and Douglas Sinclair.

2. Concordat and Scrutiny

Fiona Lees, Chief Executive of East Ayrshire Council, gave a presentation on scrutiny and the concordat between local government and Scottish Government. After questions had been asked and answered Ms Lees was thanked for her presentation.

3. Minutes

The minutes of meeting of 18 June 2008 were submitted and approved and action in relation to a number of items was noted.

4. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 2 July 2008 were submitted and approved.

5. Chair's Introduction

The Chair reported on progress with regard to scrutiny issues and indicated that a meeting was being held that afternoon to discuss the possible terms of reference for Richard Kerley. A number of Best Value reports had recently been published with appropriate media coverage. In addition the selection process was in hand for the appointment of new members of the Commission.

6. Report by the Controller of Audit

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

Scrutiny improvement programme
Single Outcome Agreements
Other matters
Audit Commission reports

It was noted in particular that all councils had now finalised their Single Outcome Agreements and a report would be submitted to the September meeting of the Commission with an analysis of the SOAs.

All local government bodies had submitted their unaudited accounts by the due date of 30 June.

The position was noted.

(Action – report on SOAs to September meeting – Caroline Gardner)

7. Best Value Audit of Perth and Kinross Council

There was submitted a report by the Secretary introducing the Controller of Audit's report of the Best Value audit of Perth and Kinross Council. The report was made

by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by the members of the Commission.

Thereafter the Commission agreed to make findings as contained in Appendix 1 to these minutes and appointed the Chair, Iain Robertson and Jim King to hold the follow-up meeting with representatives of the council.

8. Developing Best Value Audits for Police and Fire and Rescue Authorities

There was submitted a report by the Director of Public Reporting (Local Government) providing the Commission with details of the proposed development and implementation of the Best Value audit for police and fire and rescue authorities.

Discussion took place on the report and it was noted that, given the tripartite arrangement for policing, there were a number of matters on which the Best Value audit would not make judgements. It was considered that there was a need for the performance framework to be improved and noted that police reports would require to place reliance in particular on HMIC inspection reports.

Thereafter the Commission agreed to approve the proposals regarding the initial round of audits, as outlined in the report, and noted that detailed proposals for implementing the Best Value audits of police and fire would be submitted to the Commission in November 2008.

(Action – report detailing proposals for implementing BV audits of police and fire to be submitted in November 2008 – David Pia)

9. Best Value Audits – Progress Report

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

10. Update on Best Value 2 Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the Best Value 2 improvement plan. An Appendix to the report detailed the projects/tasks and set out the timetable and current progress in respect of each.

The report was noted.

11. CIPFA Consultations on Local Authority Reporting

There was submitted a report by the Director of Audit Strategy regarding two consultation papers issued by CIPFA on the future direction of local authority reporting – “Telling the whole story – the future of stakeholder reporting in local government” and “Back to basics – a first principles review of local authority accounts”. Copies of draft responses, jointly from the Accounts Commission and the Auditor General, were attached to the report for consideration.

During the discussion the following points were made:-

- The responses should use the standard text explaining the roles of the Accounts Commission and Audit Scotland in the introduction
- With regard to paragraph 8 of the response on “Telling the whole story” there should be included a short paragraph regarding the Scottish context, pointing out that while the principles should be common there will always be differences in application

With regard to paragraph 8 of “Telling the whole story” it would be helpful to have a drill down mechanism in addition to web based publication, allowing people to follow through their own areas of interest to greater levels of detail based on the underlying management information.

Thereafter the draft responses were approved, subject to the above comments.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 17 September 2008 at 10.30am

PRESENT: J Baillie (Chair)
A Alexander
J Couper
M Docherty
A Faulds
K Geddes
A Kelbie
J King
I Low
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
A Clark, Assistant Director, Public Reporting (items 1-7)
Ronnie Nicol, Assistant Director, Public Reporting (items 8-13)
Beth Hall, Portfolio Manager, Public Reporting (items 8-9)
A Taylor, Portfolio Manager, Public Reporting (items 8-9)
G Smail, Portfolio Manager, Public Reporting (item 10)
Douglas Black, Project Manager, Public Reporting (item 10)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Scrutiny Consultancy Work
6.	Best Value 1
	a. Best Value Audit – Progress Update Report
	b. North Lanarkshire Council
	c. Falkirk Council
	d. Midlothian Council
7.	Best Value 2
	a. Update on Best Value Developments
	b. A Single Corporate Assessment Framework for Local Government
	c. A Risk Assessment Methodology and Joint Scrutiny Planning for Best Value 2
8.	Single Outcome Agreements – Report by the Controller of Audit
9.	Statutory Performance Indicators (SPIs) – Consultation on the 2008 Direction
10.	The Impact of the Race Equality Duty on Council Services
11.	Consultation on Audit Scotland's Corporate Plan – Update
12.	Audit Scotland Financial and Performance Information
13.	Date of Next Meeting
14.	Valedictory

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke and Iain Robertson.

2. Minutes

The minutes of meeting of 16 July 2008 were submitted and approved and action was noted.

3. Chair's Introduction

The Chair reported on a number of items as follows:-

- He had met with Richard Kerley to discuss the work consultancy
- Meetings had been held with the other scrutiny bodies and the discussions were very cordial
- Two new members were being appointed to the Commission with effect from 1 October and an announcement in that regard would be made very soon
- Ronnie Cleland had been appointed as the new independent member on Audit Scotland with effect from 1 October
- Prompted by the Tiner Report on the NAO, the SCPA was to discuss issues relating to the governance of Audit Scotland and were to take evidence from the Chair, Auditor General, Controller of Audit and Phil Taylor on 1 October.

The position was noted and members congratulated Keith Geddes on the birth of his son.

4. Report by the Controller of Audit

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

Scrutiny improvement programme and the meeting with the scrutiny bodies on 14 August
Single Outcome Agreements
Audit of the financial statements of local authorities and joint boards
Stakeholder event as preparation for the priorities and risks framework for 2009/10
Audit Commission reports

The position was noted.

5. Scrutiny Consultancy Work

There was submitted a report by the Secretary regarding the proposal that Richard Kerley provide some consultancy to the Commission in respect of the proposed changes in scrutiny arrangements and the new gate keeping responsibility of the Commission. A copy of the agreed proposal document was attached and he would be in contact with a number of members of the Commission in due course to arrange appropriate discussions.

The position was noted.

6. Best Value 1

(a) Best Value Audits – Progress Update Report

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

(b) North Lanarkshire Council

There were submitted the note of meeting held with representatives of North Lanarkshire Council on 4 July 2008 and letter from the Chief Executive dated 2 September 2008 together with a copy of the Council's Improvement Agenda.

The position was noted.

(c) Falkirk Council

There were submitted note of meeting held with representatives of Falkirk Council on 11 August 2008 and letter from the Chief Executive dated 6 August 2008 together with a copy of the Council's current Best Value Improvement Plan.

The position was noted.

(d) Midlothian Council

There was submitted note of meeting held with representatives of Midlothian Council on 27 September 2008.

The position was noted.

7. Best Value 2

(a) Update on Best Value Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 Improvement Plan and introducing draft papers on a corporate assessment framework and a risk assessment methodology and proposed joint scrutiny planning arrangements.

The Commission agreed:-

- i. to note the progress of the Best Value 2 Improvement Plan;
- ii. that consultation with stakeholders on proposals for Best Value 2 be planned for early in 2009, and
- iii. to note that updates would be submitted to the Commission from the planned pilot risk assessment exercises.

(b) A Single Corporate Assessment Framework for Local Government

There was submitted a paper setting out proposals for the introduction of a single corporate assessment framework for local government in Scotland,

drawing on the best elements of existing corporate service inspections. This corporate assessment would, when combined with a performance assessment, form the basis of an overall Best Value 2 audit judgement.

The paper was considered in detail and the following points were made:-

- Page 6 (the proposed scope of the single corporate assessment) – governance should appear in the list before effectiveness of partnerships
- Page 7 (what are the characteristics of a Best Value council) - the second paragraph to read “clearly, in doing this, a balance needs to be struck between prescriptiveness, which might lack sensitivity to local circumstances and priorities, and transparency of process”
- Page 10 (vision and strategic direction) – the third bullet point to read “the vision clearly reflects a commitment to continuous improvement”, with an additional bullet point “the vision is based on the views of communities, citizens and service users”. Consideration should also be given to a council vision to be “customer first” and thought needs to be given to the use of the terms citizens, service users, customers etc
- Page 12 (planning and resource alignment) - consideration should be given to the importance of councils bringing together performance data and cost data
- Page 13 (partnership working and community leadership) – last bullet point to read “the authority looks for opportunities to rationalise partnerships, services and activities ...”
- Page 14 (community engagement) – consider the need to ensure that staff have the required skills to engage with communities
- Page 15 (governance and accountability) – fourth bullet point to read “the council’s scrutiny arrangements are clearly understood and are seen to be independent ...”
- Under roles and relationships there should be a clear distinction between the roles of executive management and the political executive
- Page 17 (performance management and improvement) – consideration to be given to splitting this heading into two sections: third bullet point – delete “traditionally excluded”. Consider developing a target regarding the number of complaints being reduced year on year; consider the need for a customer first approach being displayed, and whether one stop access to all public services is always appropriate. Priorities should be determined by local needs.
- Page 17 – consider the need for the development of a toolkit of continuous improvement – the bullet points under performance management and improvement should be re-ordered and the focus should be more on improvement
- Page 21 (financial management) – consideration should be given to the role of the proper officer for finance
- Page 22 (asset management) – reword the third bullet point to highlight the need for a corporate approach to the property function. In the first bullet point the information base for the asset management strategy should include cost
- Page 23 (people management) – appraisal systems require to deliver results; consideration should be given to including absence policies and targets to reduce unplanned absence; consideration should be given to conditions of service being used as a tool to improve individual and team performance

- Page 24 (procurement) – consider whether attention should be drawn to the need to employ a qualified procurement professional.

Thereafter the Commission agreed to approve the paper, subject to the above comments and amendments.

(c) A Risk Assessment Methodology and Joint Scrutiny Planning Framework for Best Value 2

There was submitted a paper setting out proposals for the introduction of a shared risk assessment process and joint scrutiny planning framework for working with Inspectorates as part of the Best Value 2 audit process. The proposals were aimed at supporting the Commission in exercising its scrutiny gate keeping and co-ordination role to deliver more streamlined and proportionate scrutiny in the local government sector.

During discussion the following points were made:-

- Page 7 – the risk of “coasting” should be highlighted and systems should be in place to ensure that this was kept under review
- Page 8 – it should be noted that if a number of scrutiny bodies saw a council as fairly low risk, this may nevertheless add up to medium risk
- Page 9 – self awareness should be highlighted as a key indicator, as a council that was self aware was relatively low risk
- Consideration should be given to legal risk (ie the possibility of ultra vires actions) in the risk assessment
- The risk assessment should include “strategic or governance” risk

Thereafter the Commission welcomed the paper and approved it subject to the above comments. It was noted that the proposals would be piloted at a number of councils over the autumn/winter of 2008 and the outcomes of these pilot exercises would be brought to the Commission in due course.

8. Single Outcome Agreements – Report by the Controller of Audit

There was submitted a report by the Controller of Audit summarising the initial analysis of the first set of single outcome agreements, with an attached briefing paper setting out a detailed analysis.

The report was noted.

9. Statutory Performance Indicators (SPIs) - Consultation on the 2008 Direction

There was submitted a report by the Director of Public Reporting (Local Government) setting out further thinking on the future use of statutory performance indicators and offering a reduced set of up to 24 indicators for consideration as the basis for the 2008 Direction. There was attached to the report a draft consultation paper setting out the proposals.

Discussion took place on the need for the future to carry out a fundamental review of SPIs, including consulting with citizens on the cost information which would be of interest to them.

The Commission agreed:-

- i. to approve the proposal for a broader requirement on councils in relation to publishing performance information;
- ii. to approve the proposed core set of prescribed indicators;
- iii. to approve the draft consultation paper for distribution, subject to some minor rewording of the foreword by the Chair and to signalling clearly the Commission's intention to look for the future at the role of SPIs and what information people would want, and
- iv. that the Chair write to key central and local government interests offering a meeting to discuss the proposals.

(Action: letter offering meeting – David Pia/Chair)

10. The Impact of the Race Equality Duty on Council Services

There was submitted a report by the Director of Public Reporting (Local Government) together with a draft report and a draft key messages document from the National Study on the Impact of the Race Equality Duty on Council Services.

During discussion it was pointed out that councils needed to mainstream equality issues, which were currently being treated as a separate activity. Concern was expressed that councils were struggling with race equality objectives and were therefore focussing on process and procedure rather than outcomes. In this regard the bullet points on page 5 of the draft report should be reordered.

It was noted that the intention was to contact the local auditors regarding the report when it was finalised so that publication of the report would continue to challenge councils.

Thereafter the Commission agreed to approve the draft report and key messages document and agreed that some of the key messages for stakeholders should be highlighted for them when the report was issued.

(Action: highlight key message in sending report to stakeholders – David Pia)

11. Consultation on Audit Scotland's Corporate Plan – Update

There was submitted a report by the Director of Corporate Services updating the Commission on the consultation with clients and stakeholders on Audit Scotland's new corporate plan and indicating that the feedback from the survey and the priorities for Audit Scotland would be discussed with the Auditor General at the Commission's October meeting.

The position was noted.

12. Audit Scotland Financial and Performance Information

There was submitted and noted report by the Director of Corporate Services presenting financial and performance information for Audit Scotland to 30 June 2008.

13. Date of Next Meeting

It was noted that the next meeting was scheduled for 15 October.

14. Valedictory

The Chair expressed thanks to Keith Geddes, Jean Couper and Alan Alexander for all their many and valued contributions to the work of the Commission over the previous six years and commented on how much each of them would be missed.

AGENDA ITEM 2

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 15 October 2008 at 10.30am

PRESENT: J Baillie (Chair)
O Clark
M Docherty
A Faulds
A Kelbie
J King
I Low
W McQueen
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
A Clark, Assistant Director, Public Reporting (item 9)
T Yule, Local Govt Improvement Advisor, Public Reporting (item 9)
B Hurst, Director of Public Reporting (NHS & CG) (items 10 & 11)
S Lovatt, Project Manager, Public Reporting CG (items 10 & 11)
R Frith, Director of Audit Strategy (item 12)
D McGiffen, Director of Corporate Services (item 14)
S Brennan, Accent Scotland (item 14)

<u>Item No</u>	<u>Subject</u>
1.	Membership
2.	Apologies for absence
3.	Minutes of meeting of 17 September 2008
4.	Chair's Introduction
5.	Performance Audit Committee
6.	Committee Membership
7.	Report by the Controller of Audit
8.	Best Value 1
	(a) Best Value Audits – Progress
	(b) Aberdeenshire Council
	(c) Orkney Islands Council
9.	Best Value 2
	(a) Update on Best Value 2 Developments
	(b) Options for Forming Judgements
	(c) Peer Involvement
	(d) Sharing Good Practice
10.	Consultation on the Programme of National Performance Audit Studies
11.	Improving Energy Efficiency
12.	Audit Charges 2008/09 Audits
13.	Programme of Meetings 2009
14.	Audit Scotland Corporate Priorities

1. Membership

The Chair welcomed Bill McQueen to his first meeting of the Accounts Commission and congratulated him on his appointment

2. Apologies

Apologies for absence were intimated on behalf of Michael Ash.

3. Minutes

The minutes of meeting of 17 September 2008 were submitted and approved and action was noted.

4. Chair's Introduction

The Chair reported on a number of matters as follows:-

- Together with the Auditor General, Controller of Audit and Phil Taylor he had given evidence to the Scottish Commission for Public Audit. Their report had now been published.
- A further meeting had been held with scrutiny bodies and progress was continuing to be made. He was to meet the Cabinet Secretary later in the month in this regard.
- Discussions had been held with civil servants regarding the workload of Commissioners and the rate of pay and the Secretary reported on progress.
- Information had been sought regarding the involvement of councils in Icelandic banks and the Controller of Audit reported on the details.

The position was noted.

5. Performance Audit Committee

The minutes of the meeting of the Performance Audit Committee of 2 October 2008 were submitted and improved.

6. Committee Membership

It was agreed to delegate to the Chair, in consultation with Douglas Sinclair and Michael Docherty, to consider the appointment of members to the Performance Audit Committee and the Financial Audit and Assurance Committee

[Action – appointment of members – Chair]

7. Report by the Controller of Audit

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

- Scrutiny improvement programme
- Single Outcome Agreements
- Audits of local authorities' financial statements
- Parliamentary Audit Committee
- Audit Commission Reports

It was noted that consultation was currently taking place on draft guidance in respect of Single Outcome Agreements and the Commission would be kept up-to-date with developments.

With regard to the response to the Cabinet Secretary on scrutiny improvement there was attached to the Controller of Audit's report a draft key messages document which was intended to form the basis of the reply. In discussion it was noted that there was a need to have a mechanism in place for resolving any disputes which might emerge and that the wording should be strengthened in respect of the commitment needed from local government to developing consistently good performance management systems.

The draft response was otherwise approved.

8. Best Value 1

(a) Progress Update Report

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

(b) Aberdeenshire Council

There were submitted the note of meeting held with representatives of Aberdeenshire Council on 10 September 2008 and a copy of the Council's Improvement Plan.

The position was noted, subject to a minor change of wording in the note of meeting.

(c) Orkney Islands Council

There were submitted note of meeting held with representatives of Orkney Islands Council on 29 September 2008 together with a report to the Council's Policy and Resources Committee on their draft Improvement Plan.

The position was noted.

9. Best Value 2

(a) Update on Best Value 2 Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 Improvement Plan and introducing draft papers on options for forming judgements, peer involvement, and good practice identification and strengthened improvement support as part of Best Value 2.

The Commission agreed to note the progress of the Best Value Improvement Plan.

(b) Forming clearer judgements about Local Authority performance

There was submitted a paper setting out a series of issues for the Commission to consider in relation to how judgements on the extent to which local authorities were achieving Best Value would be expressed in Best Value reports prepared by the Controller of Audit on behalf of the Commission.

The key questions which the Commission was invited to consider were:-

- Whether to introduce an absolute measure of council performance
- Whether to introduce a direction of travel/capacity for improvement judgement
- Whether there were specific elements (or groups of elements) which should be graded/scored.

Following considerable discussion it was agreed that proposals for further consideration would be brought to the Commission taking account of the following principles:-

- (i) one overall single measure would not be appropriate, given the complexity of councils
- (ii) a direction of travel judgement should be introduced
- (iii) a number of measures common to all councils should be identified.

With regard to the scoring of specific elements it was recognised that the quality of the evidence available for different elements might vary, as might the audit coverage if BV2 is to be more proportionate and risk based, and that this could therefore affect the extent to which absolute judgements could be made.

It was agreed that the Best Value team should consider the six proposed characteristics of a Best Value Council and identify a number of key elements which councils should be delivering to a common standard.

It was noted that a further report would be submitted in due course providing examples on the basis of the Commission's decision as detailed above.

[Action – further report – David Pia]

(c) Peer involvement

There was submitted a paper seeking the Commission's views on introducing peer involvement in the Best Value 2 audit process. The paper included information on the use of peers by other scrutiny bodies and indicated that COSLA had argued strongly for this development.

During discussion concerns were expressed at the small pool of senior local government officers and members in Scotland and whether such a scheme would prove difficult to operate due to the commitment required. Concerns were also expressed as to whether peers would be perceived to be acting independently. It was felt that it would be helpful to explore the possibility of including recently retired members and officers, people from south of the border, civil servants and people from the private and voluntary sector on the panel of peers. Consideration should also be given to piloting a few different models.

[Action – further report – David Pia]

It was accordingly agreed:-

- (i) to approve in principle a scheme of peer involvement, subject to further work on the detail of the scheme and to piloting being carried out,
- (ii) that consideration be given to the make-up of the panel of peers,
- (iii) that the Commission now start discussions with COSLA and SOLACE on the implementation of a pilot scheme,
- (iv) that this aspect be included in the consultation with councils at the beginning of next year.
- (v) that a further report be submitted outlining a proposed way forward, and
- (vi) that a report be submitted on the involvement of users and lay-persons once the appropriate Crerar group had reported.

[Action – discussions with COSLA/SOLACE; further reports – David Pia]

(d) Sharing Good Practice

There was submitted a paper considering options for the improved identification and dissemination of good practice and strengthened improvement support through the Best Value 2 audit processes.

The report highlighted the important part that audit could play in supporting improvement, whilst stressing the need for auditors to remain independent and that the primary responsibility for continuous improvement rests with public bodies themselves.

Following discussion it was agreed:-

- (i) that it was not appropriate for the Commission to provide direct improvement support within councils or to participate in council self-evaluation exercises,
- (ii) that more systematic capture and dissemination of good practice should be developed, including web-based database of good practice and the provision of improvement support material,
- (iii) that contact be made with COSLA (including the Improvement service) and SOLACE to consider how best to work together to disseminate good practice, and
- (iv) that a further paper be submitted in due course, including examples of good practice.

[Action – contact with COSLA and SOLACE; further report – David Pia]

10. Consultation on the Programme of National Performance Audit Studies

There was submitted a report by the Directors of Public Reporting advising of the consultation process on the next programme of National Performance Audit Studies. The potential study topics were currently being considered in the light of the consultation responses and in the context of resource capacity and other commitments, and proposals for the final programme would be brought to the Commission meeting in November.

The Commission agreed to note the position.

11. Improving Energy Efficiency

Iain Robertson declared an interest in this item as an advisor to an energy trading company, and took no part in consideration thereof.

There was submitted a report by the Director of Public Reporting (NHS and Central Government) regarding the joint report on behalf of the Accounts Commission and the Auditor General on improving energy efficiency. Attached to the report were the draft final report of the study and key messages document.

In discussion a number of points were made:-

- It would be helpful to include a definition of “energy”
- The lack of policy in central government was very disappointing
- It was surprising that there was no baseline information from local government and the NHS
- The first two sentences of paragraph 27 of the key messages document should be re-worded
- Paragraph 13 of the key messages should include the percentage rise in energy prices
- The overview report should note the extent of similarity of key messages in various reports.

Thereafter the Commission agreed to approve the report subject to the above points and to give consideration in the proposed future programme to re-visiting this issue in due course.

[Action – consider follow-up report in future programme – Barbara Hurst]

12. Audit Charges 2008/09 Audits

There was submitted a report by the Director of Audit Strategy seeking the Commission’s agreement to the proposed audit charges for the 2008/09 audits which would commence shortly.

The Commission agreed:-

- (i) To approve the proposed audit charges and fee strategy
- (ii) That an indication be given to councils of the likely increase in charges for local government IFRS based accounts
- (iii) That a meeting be arranged with council directors of finance to discuss the charges, and
- (iv) That the Chair add this to the agenda for his next meeting with the President of COSLA.

*[Action – contact with Councils – Russell Frith]
- discussion with COSLA – Chair]*

13. Programme of Meetings 2009

There was submitted and approved a programme of meetings for the Commission and its Committees for 2009.

14. Audit Scotland Corporate Priorities

There was submitted a report by the Director of Corporate Services introducing the results of the recent consultation exercise with the Accounts Commission and clients about Audit Scotland's corporate priorities. Sean Brennan of Accent Scotland gave a presentation on the responses to the online consultation, highlighting where there were differences in responses from the Commission and those from clients and stakeholders.

Discussion took place in particular on the draft Audit Scotland strategy map and the following points were made:-

- Consideration should be given to the wording of "helping to improve" to clarify that the Commission's role is supportive whilst preserving the independence of the scrutiny function
- Further consideration should be given to the wording of "world class" and where this should sit in the strategy and to what extent this can be measured
- The document should be more specific on sharing good practice with others and working with other scrutiny bodies
- The diagram should be re-drawn slightly to point up the relative importance of the elements
- The document needs to make clear that the strategy is owned by the Accounts Commission and Auditor General and that the role of Audit Scotland is to provide services to them
- The strategy map should include the issue of using impact to drive up performance
- Point 3.2 on the strategy map should include the aim to reduce the cost and burden of scrutiny
- Work should be undertaken to ensure that the Audit Scotland risk register is aligned with the issues detailed in the strategy.

Thereafter the Commission noted that a further report would be submitted to its next meeting in November for further discussion.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 19 November 2008 at 10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
J King
I Low
W McQueen
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
F McKinlay, Assistant Director, Public Reporting
A Clark, Assistant Director, Public Reporting (item 7)
B Hurst, Director of Public Reporting (Health and Central Government)
(item 8)

<u>Item No</u>	<u>Subject</u>
1.	Membership
2.	Apologies for Absence
3.	Minutes
4.	Chair's Introduction
5.	Report by the Controller of Audit
6.	Argyll and Bute Council - Best Value Follow-up
7.	Best Value 1
	a. Progress Update Report
	b. Perth and Kinross Council
8.	Best Value 2
	a. Update on Best Value 2 Developments
	b. Proposed Approach to Auditing Leadership of Community Planning and Partnership Work
9.	Proposed Study Programme 2009/2010
10.	Joint Statement on Principles of Public Audit

1. Membership

The Chair welcomed Mike Ash to his first meeting of the Accounts Commission and congratulated him on his appointment.

2. Apologies

Apologies for absence were intimated on behalf of Ann Faulds, Adrienne Kelbie and Douglas Sinclair.

3. Minutes

The minutes of meeting of 15 October 2008 were submitted and approved and action was noted.

With reference to item 6 – Committee Membership – it was noted that Jim King had been appointed to the Performance Audit Committee and Mike Ash and Bill McQueen to the Financial Audit and Assurance Committee.

4. Chair's Introduction

The Chair reported that he had attended a meeting with John Swinney to discuss progress regarding the co-ordination of scrutiny. He had also attended a meeting of Audit Services managers.

The position was noted.

5. Report by the Controller of Audit

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

- Scrutiny Improvement Programme
- Single Outcome Agreements
- Completion of financial audits
- Meeting with COSLA, SOLACE and Scottish Government
- Parliamentary Audit Committee
- Audit Commission reports

The position was noted.

6. Argyll and Bute Council – Best Value Follow-up Report

There was submitted report by the Secretary introducing the report by the Controller of Audit on the Best Value follow-up audit at Argyll and Bute Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and leader of the Best Value audit team answered questions by members of the Commission.

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

7. Best Value 1

a. Progress Update Report

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

b. Perth and Kinross Council

There were submitted and noted the note of meeting with representatives of Perth and Kinross Council on 17 October 2008 and a copy of the Council's Improvement Plan.

8. Best Value 2

a. Update on Best Value 2 Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 Improvement Plan and introducing the draft paper on the proposed approach to auditing leadership of community planning and partnership working. It was noted that proposals for the introduction of the Best Value audit for police and fire and rescue authorities would be submitted to the next meeting.

The Commission agreed to note the progress of the Best Value 2 Improvement Plan.

b. Proposed Approach to Auditing Leadership of Community Planning and Partnership Working

There was submitted a paper considering three possible approaches to auditing the leadership of community planning and partnership working as part of the Best Value 2 audit process. Approaches 2 and 3 raised wider questions about the application of Best Value to health and central government bodies and would require discussion between the Commission and the Auditor General about how they could be implemented. The paper also proposed a set of key lines of enquiry for councils which could be developed to apply to other audited bodies under Approach 2 or to the Community Planning Partnership as a whole under Approach 3.

The Controller of Audit outlined the position of Best Value in respect of health and central government bodies, where it was a formal responsibility placed on accountable officers. She considered that it would be possible under the existing audit arrangements for Best Value to be looked at across the public sector, and the Best Value toolkits which had been developed could be applied to every public body with a minimum of adaptation.

Considerable discussion took place, during which the view was expressed that the auditing of community planning and partnership working would benefit from Best Value being introduced as a clear duty across the whole public sector. Thereafter it was agreed:-

- i. that, in principle, Approach 2 should be adopted so far as possible – namely, the inclusion of an assessment of each partner’s performance in contributing to the achievement of shared partnership objectives. The BV2 audit report would record judgements from appointed auditors in other partner bodies which had been reported in audit reports on those bodies;
- ii. that Audit Scotland prepare a report for submission to both the Commission and the Auditor General on how Best Value could be audited across all public sector bodies and how that could contribute to assessing the performance of partnerships;
- iii. that the Controller of Audit submit a report detailing the responsibilities currently placed on public sector bodies in respect of Best Value.

Consideration was then given to the suggested key lines of enquiry to be assessed through the BV2 audit of leadership of community planning and partnership working and it was suggested that the list of points should include evidence of joint delivery; evidence of resources being joined to achieve savings; and the interest of the user/citizen/taxpayer.

(Action – further reports to be submitted – Controller of Audit)

9. Proposed Study Programme 2009/2010

There was submitted report by the Directors of Public Reporting inviting the Commission to consider and approve proposals for the Commission’s national studies programme for the period through to the end of 2010.

During discussion the point was made that it would be helpful to align the proposals for in depth investigations with the issues emerging from the Best Value audits.

The report was approved.

10. Joint Statement on Principles of Public Audit

There was submitted a report by the Chair of the Accounts Commission and the Auditor General for Scotland inviting the Commission to consider publishing a joint strategic statement about the principles of public audit in Scotland and to review and update the existing protocol between the Commission and the Auditor General in respect of working arrangements with Audit Scotland.

Following discussion it was agreed to proceed with publishing a joint strategic statement and with updating the existing protocol. It was considered that the strategic statement would provide a positive opportunity to reinforce the strategic view of the Accounts Commission and the Auditor General and that it should fit above the Audit Scotland Corporate Plan, which would give the details of the delivery of the strategy. It was suggested that consideration should be given to including in the strategic statement a description of the role of the Commission, and reference to the internal scrutiny arrangements of the Commission and Audit Scotland.

(Action – report on proposed strategic statement – Controller of Audit – report on review of protocol – Controller of Audit/Secretary)

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE FOLLOW UP REPORT ON ARGYLL AND BUTE COUNCIL

FINDINGS

In January 2006 the Commission published the report on the Best Value Audit of Argyll and Bute Council, together with its findings. The report and findings identified a number of areas for action by the council and the Commission required a further report by the Controller of Audit on the council's progress. 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 does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

The Commission accepts the conclusion of the report that progress has not been sufficient in a number of key areas and that there remains much to be done to develop a culture of continuous improvement, and endorses the areas highlighted in the report as requiring particular attention. The council must increase the pace of change towards a position where it is fully implementing best value, underpinned by appropriate and functioning systems and processes.

We acknowledge the recent improvements in leadership and strategic direction and the council's innovative approach to its Audit Committee, with the appointment of external, non-executive members as Chair and Vice Chair. We also acknowledge the work of the newly appointed Chief Executive. However, we are concerned that a fully functioning performance management system is not yet in place and that key performance information has not yet been identified to enable monitoring and reporting of corporate and service plan objectives. We note, too, the limited progress that has been made in developing the role of Area Committees.

We encourage the council to act on the areas highlighted in the report and to increase the momentum towards the achievement of best value. We would ask the Controller of Audit to continue to monitor the situation and to consider whether it would be appropriate to revisit the council at an early stage in the Best Value 2 programme.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 17 December 2008 at 10.30am

PRESENT: J Baillie (Chair; for items 14-19)
M Ash
O Clarke
M Docherty
A Faulds
J King
I Low (in the chair for items 1-13)
W McQueen
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
M Taylor, Assistant Director, Audit Services (items 8-9)
M Bruce, Senior Audit Manager, Audit Services (item 8)
E Boyd, Senior Audit Manager, Audit Services (item 9)
A Clark, Assistant Director, Public Reporting (items 12-13)
R Nicol, Assistant Director, Public Reporting (items 14-19)
A Taylor, Portfolio Manager (Performance Information) (item 14)
T Yule, Local Government Improvement Adviser, Public Reporting (items 12-19)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Financial Audit and Assurance Committee
4.	Performance Audit Committee
5.	Chair's Introduction
6.	Report by the Controller of Audit
7.	Best Value audits – progress update
8.	Moray Council – Best Value follow-up audit
9.	Inverclyde Council - Best Value follow-up audit
10.	Shetland Islands Council – statutory report on annual audit 2007/08
11.	Aberdeen City Council – statutory report on annual audit 2007/08
12.	Update on Best Value 2 developments
13.	Best Value 2 - public consultation and proposed timetable
14.	Local Government Act 1992 – publication of 2008 direction on statutory performance information
15.	Framework for the Best Value audits of Police and Fire and Rescue
16.	Joint Statement on the Principles of Public Audit; and Audit Scotland's Corporate Plan
17.	Annual Disability Equality progress report
18.	Audit Scotland Financial and Performance information
19.	Strategic Development and Planning Authorities – Audit appointments

1. Apologies

Apologies for absence were intimated on behalf of Adrienne Kelbie and it was noted that John Baillie would be joining the meeting later.

2. Minutes

The minutes of meeting of 19 November 2008 were submitted and approved and action was noted.

3. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 26 November 2008 were submitted and the recommendations contained therein were approved.

It was agreed to homologate the decision of the Chair that Bill McQueen be appointed to chair the committee.

4. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 3 December 2008 were submitted and the recommendations contained therein were approved.

5. Chair's Introduction

In the absence of John Baillie, Isabelle Low indicated that she had no matters to report.

6. Report by the Controller of Audit

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

- Scrutiny Improvement Programme
- Local Government sector meeting
- Better Regulation Executive
- Parliamentary Audit Committee
- Audit Commission reports

The position was noted.

7. Best Value audits – progress update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

8. Moray Council – Best Value follow-up audit

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the Best Value follow-up audit at Moray Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

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

9. Inverclyde Council - Best Value follow-up audit

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the Best Value follow-up audit at Inverclyde Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission.

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

10. Shetland Islands Council – statutory report on annual audit 2007/08

Ann Faulds declared an interest in this item, as her firm acted as advisors to Shetland Islands Council, and took no part in the consideration thereof

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the 2007/08 annual audit of Shetland Islands Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions by members of the Commission.

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

11. Aberdeen City Council – statutory report on annual audit 2007/08

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the 2007/08 annual audit of Aberdeen City Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions by members of the Commission.

Following discussion the Commission agreed to make findings as contained in Appendix 4 to this minute.

12. Update on Best Value 2 developments

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 improvement plan and introducing a paper on the draft strategy for consulting with key stakeholders on the Commission's approach to Best Value 2.

The Commission agreed to note the progress of the Best Value 2 improvement plan.

13. Best Value 2 – public consultation and proposed timetable

There was submitted a paper setting out a draft strategy for consulting with key stakeholders on the Accounts Commission's proposed approach to the second round of Best Value audits. The paper also set out a timetable for undertaking and evaluating pathfinder BV2 audits during 2009. This would take place alongside the development and introduction of shared risk assessment and joint scrutiny planning processes which would enable the Commission to establish a local government scrutiny plan for Scotland, delivering on the Scottish Government's ambitions for more stream-lined and better co-ordinated local government scrutiny.

The Commission was asked to consider the overall strategy for consultation, the proposed scope of the consultation materials and the proposed transition timetable.

The Commission agreed:-

- (i) That the Chair should issue a letter to all councils in January 2009 advising of the progress on the development of Best Value 2, and that further consideration should be given to the possibility of holding a national conference at the start of the roll-out of BV2, possibly in conjunction with the other scrutiny bodies
- (ii) That the consultation materials should be more specific on the characteristics of a Best Value council; and that the views of service users should be considered, together with the views of citizens;
- (iii) That the report be otherwise approved in principle; and
- (iv) To note that a further report would be submitted to the next meeting with more detailed proposals.

[Action – letter to councils – Chair/David Pia; submission of further report – David Pia]

14. Local Government Act 1992 – publication of 2008 direction on statutory performance information

There was submitted a report by the Director of Public Reporting giving details of the responses received to the Commission's consultation paper on the 2008 direction on statutory performance information. The Commission was invited to consider the responses received to the consultation, to confirm the overall approach to be taken for the 2008 direction and to consider a draft 2008 direction, as attached to the report.

During discussion concern was expressed that there had been no response from CoSLA and the Chair agreed to raise this with the President at their next meeting.

Following discussion the Commission agreed that:

- (i) the three unit cost PIs proposed in the consultation paper be not introduced meantime but that the study of unit costs contained in the national study programme be the means for the Commission to decide how to promote the use and reporting of cost indicators in the future;
- (ii) the current PIs on housing repairs and street cleaning be retained;
- (iii) two additional housing PIs be retained for a further year to assist the Scottish Housing Regulator to develop alternative data collection mechanisms to meet its requirements; and
- (iv) the 2008 direction, as attached to the report, be otherwise approved.

The Chair indicated that Alec Taylor was due to retire in the course of the next year, and this would therefore be the last SPI direction for which he would be responsible. He thanked him for all his work and wished him well for the future

15. Framework for the Best Value audits of Police and Fire and Rescue

There was submitted a report by the Director of Public Reporting (Local Government) setting out proposals for the introduction of Best Value audits in police authorities. Discussions had taken place with Her Majesty's Inspectorate of Constabulary for Scotland in this regard and the report set out a number of options for a more co-ordinated approach to reporting on police performance so that the public could receive a clear and consistent message about police services.

While the paper focused on the approach to the audit of police authorities, it was noted that much of the proposed approach would also apply in due course to fire and rescue authorities.

The Commission was asked in particular to consider a number of options with regard to reporting and considerable discussion took place.

It was agreed:-

- (i) that the best approach would be a single report, with the option of separate reporting if agreement could not be reached;
- (ii) that the proposed approach to consultation be approved in principle, and that consideration be given to HMCIC being involved; and
- (iii) that a further report be submitted with more detailed proposals.

[Action – submission of further report – David Pia]

16. Joint Statement on the Principles of Public Audit; and Audit Scotland's Corporate Plan

There was submitted a joint report by the Chair and the Auditor General for Scotland with attached as Annex 1 a draft joint statement on the principles of public audit in Scotland. In part the statement was designed to provide a strategic context for the Audit Scotland Corporate Plan, which had been approved by the Audit Scotland Board at its meeting on 9 December and which was attached as Annex 2 to the report.

Following discussion a number of drafting points were suggested.

Thereafter the Commission agreed:-

- (i) To approve for its interest the Joint Statement on the Principles of Public Audit, subject to consideration of the suggested drafting points; and
- (ii) To note the Audit Scotland Corporate Plan.

17. Annual Disability Equality progress report

There was submitted a report by the Director of Corporate Services referring to the duty on all public authorities to produce a disability equality scheme and action plan. The Accounts Commission equality scheme and action plan had been published in December 2006 and the required summary of progress on the scheme was attached as an appendix to the report.

The Commission agreed to approve the Disability Equality progress report.

18. Audit Scotland Financial and Performance information

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland for quarter two, July to September 2008.

The Commission agreed to note the report

19. Strategic Development and Planning Authorities – Audit appointments

There was submitted a report by the Director of Audit Strategy regarding the appointment of auditors to three new strategic development planning authorities.

The Commission agreed to appoint the auditors as identified in the report and noted that these appointments would run until the completion of the 2010/11 audits.

Minutes of the meeting of the Accounts
Commission held in the Offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday 17 January 2007 at
10.30 am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
J Couper
A Faulds
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
F Kordiak, Acting Director of Audit Services (Local Government)
W F Magee, Secretary
N Bridle, Assistant Director of Public Reporting (item 6)
M Walker, Portfolio Manager (Best Value) (item 6)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Membership
3.	Minutes
4.	Chair's Introduction
5.	Deputy Auditor General
6.	Best Value Audit of Inverclyde Council
7.	Publication of Best Value Audit Reports
8.	Ministerial Visit
9.	Future Meetings

1. Apologies

Apologies for absence were intimated on behalf of Keith Geddes.

2. Membership

The Secretary reported that the Minister for Finance and Public Service Reform has appointed members of the Commission as follows –

Douglas Sinclair from 1 February 2007 until 30 September 2009
Michael Docherty from 1 October 2007 until 30 September 2010

The Commission noted the position.

3. Minutes

The minutes of meeting of 29 and 30 November, 5 and 13 December 2006 were submitted and approved.

4. Chair's Introduction

The Chair referred to a number of matters of current interest including –

- A recent visit by members of the Public Accounts Committee of the Irish Parliament and the Irish Auditor General for discussions on public audit arrangements
- An invitation to give evidence to the Audit Committee of the Scottish Parliament on the annual overview report.

5. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including –

- A forthcoming report to the Commission on arrangements for the follow-up audit in West Dunbartonshire Council
- An invitation to the Auditor General to give evidence to the Scottish Parliament's Finance Committee on his report on Efficient Government
- An invitation to Audit Scotland to give evidence to the Scottish Parliament's Education Committee on the report on A Teaching Profession for the 21st Century.

6. Best Value Audit of Inverclyde Council

There was submitted a report by the Secretary introducing the Controller of Audit's progress report on the Best Value audit of Inverclyde Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions from members. Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

7. Publication of Best Value Audit Reports

There was submitted a report by the Secretary drawing the Commission's attention to questions about the process for publishing Best Value audit reports. The report

outlined the present practice in making available the Controller of Audit's report followed by publication of the Commission's findings. Because of the statutory provisions which require councils to make available to the public copies of the Controller of Audit's reports there are a number of issues about how and when Audit Scotland makes those reports available to the media and others. After discussion the Commission expressed a preference for continuing the current practice in this matter provided steps are taken to emphasise the procedural aspects to chief executives at an earlier stage.

8. Ministerial Visit

Mr Tom McCabe MSP, Minister for Finance and Public Service Reform joined the Commission for a discussion on matters of common interest. As well as being the Minister with responsibility for Finance and Local Government, Mr McCabe's department is the sponsor for the Commission as a non-departmental public body. Discussion with the Minister covered the following areas –

- Best Value audits to date, significant lessons emerging from the audits and the current review by the Commission of the Best Value audit process
- The criteria adopted by the Commission for selecting study topics and some issues relating to forthcoming studies
- The development of a performance management framework for local government and its relationship to statutory performance indicators
- The modernised audit process with particular reference to the risk based approach
- The Crerar Review of Scrutiny of Public Services
- Possible future developments in Scottish local government.

The Chair thanked the Minister for the opportunity to exchange views in an open and informal way.

9. Future Meetings

The Commission agreed to hold an additional meeting on Wednesday 31 January 2007 to consider a Best Value audit report.

PROGRESS REPORT ON THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING AT INVERCLYDE COUNCIL

COMMISSION FINDINGS

In June 2006 the Commission required the Controller of Audit to make a statutory report on the Council's progress as at 31 October 2006 in addressing the issues raised in previous reports on the audit of Best Value and Community Planning and we accept this report as fulfilling that requirement. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

The Commission accepts the conclusion of the report that Inverclyde Council is moving in the right direction and there is a clear commitment and enthusiasm to improve. In particular we acknowledge that the Council has –

- Appointed a new Chief Executive
- Established a new management structure
- Appointed a Corporate Management Team
- Established some new political management arrangements
- Seen an improvement in member/officer relations.

We recognise that much of the activity in the recovery period has necessarily focused on matters of governance, structures and management processes and has not yet flowed through to service improvement. The task for the Council is now to embed its new structures and arrangements and concentrate on key priorities so that it can realise the benefits of improved performance in respect of its services. Improved outcomes for service users is the principal objective of the Best Value regime.

The Commission requires a further report by the Controller of Audit on progress as at 30 June 2008, in the expectation that the report will be based on the normal external audit work in the Council supplemented by input from the Best Value audit team.

Minutes of the meeting of the Accounts
Commission held in the Offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday 24 January 2007 at
10.30 am

PRESENT: A MacNish (Chair)
A Alexander
J Couper
A Faulds
K Geddes
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
F Kordiak, Acting Director of Audit Services (Local Government)
W F Magee, Secretary
G Smail, Senior Manager, Public Reporting (item 2)
S Pollock, Project Manager, Public Reporting (item 3)
R Seidel, Project Officer, Public Reporting (item 3)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Overview of the Local Authority Audits 2006
3.	Review of Service Reform in Scottish Fire and Rescue Authorities

1. Apologies

Apologies for absence were intimated on behalf of John Baillie and Owen Clarke. The Commission agreed to send their best wishes to Owen Clarke for a speedy recovery following his recent surgery.

2. Overview of the Local Authority Audits 2006

There was submitted a report by the Secretary introducing the Controller of Audit's report on issues arising from the audits of local authorities in 2006. The Controller of Audit's report was made to the Commission under section 102(1) of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions from members. Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

3. Review of Service Reform in Scottish Fire and Rescue Authorities

There was submitted a report by the Director of Public Reporting (Local Government) introducing a draft national report of the performance audit of Scottish Fire and Rescue authorities. Alastair MacNish declared an interest in the report in respect of his membership of the Ministerial Advisory Group on Fire and Rescue Services. The Director's report referred to discussion of the key findings of the study by the Performance Audit Committee in December 2006 and proposed that the draft national report which accompanied his paper be approved for publication.

In discussion a number of points were made –

- The points made in the report about the general financial context and the impact of pension payments on the budgets of Fire and Rescue authorities should be highlighted in the summary
- The summary of recommendations should be consolidated into the body of the report rather than attached as an Appendix
- Greater emphasis should be given to equal opportunities in the discussion of areas where progress is needed.

Thereafter the Commission agreed –

- i. to welcome the draft report;
- ii. to request that the draft be adjusted in the light of comments made in the course of the discussion; and
- iii. to approve the report for publication subject to the above mentioned adjustments.

ACCOUNTS COMMISSION FOR SCOTLAND
OVERVIEW OF THE LOCAL AUTHORITY AUDITS 2006

FINDINGS

1. This report shows that Scottish councils are making improvements in areas which have been the concern of the Commission, including –
 - A substantial improvement in accountability and transparency in respect of reserves, where all 32 councils now have policies in place which set out why reserves are held and their intended use
 - Improvement in collecting council tax. In 2005/6 the proportion of council tax collected for that year during the year exceeded 93% for the first time
 - Increased recycling of waste, up from 17.6% to 24.7% against a target of 25%
 - Improving trends in flexible home care services
 - A general picture of improved performance shown by the statutory performance indicators .

2. The general context for the performance of Scottish councils is one of major challenges which we highlighted in our findings on the overview last year. Those challenges are, if anything, more intense, particularly in relation to –
 - Pressure from the drive for public sector reform and modernisation and for efficiencies
 - Changes in Scotland's population, with implications for individual services
 - Changes in the make-up of councils at elected member and senior officer level likely to arise following the elections in May 2007
 - The call for new ways of working, particularly in shared services with other public bodies and in planning and delivering services with partners
 - Pressures on budgets

3. If councils are to meet these challenges effectively they need to increase their focus on a number of key areas which will give them the essential tools to continually improve services -
 - Developing the strategic contribution of elected members consistent with Best Value principles
 - Enhancing governance arrangements, including scrutiny. There is a need to address the particular requirements of good governance in Community Planning
 - Significantly improving their performance management regimes, starting with better performance information. There is also scope for improvement in risk management, procurement and asset management.

4. There is an urgent requirement to consider arrangements for conducting the business of councils following the elections in May 2007 so that the impetus for improvement does not falter. We see improved training and development for elected members as a vital component of these arrangements.

5. Local authorities need to operate within an improved performance management framework and we look forward to the outcome of the work being led by the Scottish Executive in this area.
6. Overall financial management in Scottish local government is sound and there is evidence that concerns previously expressed by the Commission are being addressed. Councils, must, however, increase the impetus for improvement if they are to meet the significant and immediate challenges which they face.

Minutes of the meeting of the Accounts Commission held in the Offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 31 January 2007 at 10.30 am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
A Faulds
K Geddes
I Low

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
M Walker, Portfolio Manager (Best Value)
A McCubbin, Communications Officer
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Membership
3.	Best Value Audit of the City of Edinburgh Council

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke, Jean Couper, Alyson Leslie, Mahendra Raj and Iain Robertson.

2. Membership

Alistair MacNish advised the Commission of Alyson Leslie's resignation from membership of the Commission with effect on 31 January 2007. The Commission noted Alyson's resignation with regret and agreed to thank her for her considerable contribution to the work of the Commission and to wish her well for the future.

3. Best Value Audit of the City of Edinburgh Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of the City of Edinburgh Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions from members. Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE AUDIT OF THE CITY OF EDINBURGH COUNCIL

FINDINGS

1. The Commission accepts this report on the performance of the City of Edinburgh Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. Edinburgh is Scotland's capital and maintains a high national and international profile. The City has a thriving economy and an increasing working age population, in contrast to the national trend. Large numbers of people commute to work from outside Edinburgh and the City has a high number of visitors. While these factors can act to Edinburgh's advantage, they also place significant additional pressures on Council services. In addition, the Council has to manage significant contrasts within the City, between affluent and deprived areas.
3. Edinburgh displays many of the features of a Best Value council.
 - A clear and ambitious vision
 - Corporate planning arrangements which directly connect the vision to service planning and budgeting
 - Clear direction and accountability through modernised political management structures
 - Effective scrutiny arrangements at elected member level
 - Good corporate arrangements for asset management, risk management and performance information
 - Progress in equal opportunities and sustainable development.
4. With these sound corporate arrangements in place the Council should be in a position to secure continuous improvement in the delivery of services. This report demonstrates that there are many examples of good service delivery and that the council's investment in management processes is resulting in improvement where it is required, such as the housing service. However the Council still has work to do to secure improved outcomes for the people of Edinburgh in a number of areas –
 - Three out of nine significant trading operations failed to achieve statutory break even in 2006/6 and two others failed to meet the requirement to break even over a three year rolling period
 - Refuse collection, street cleanliness and road and pavement maintenance services need to improve . Firm plans should be established to test the competitiveness of the refuse collection service
 - Processing of planning applications is below the national target and the national average.
5. We welcome the Council's recognition of the areas in which improvement is needed and we look forward to receiving an Improvement Plan based on the improvement agenda set out in the report.

Minutes of the meeting of the Accounts
Commission held in the Offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday 14 February 2007 at
10.30 am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
K Geddes
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
F Kordiak, Acting Director of Audit Services (Local Government)
W F Magee, Secretary
N Bridle, Assistant Director of Public Reporting (items 6 and 7)
L McGiffen, Best Value Performance Manager (items 6 and 7)

<u>Item No</u>	<u>Subject</u>
1.	Membership
2.	Apologies
3.	Minutes
4.	Deputy Auditor General
5.	Chair's Introduction
6.	Best Value Audit of Scottish Borders Council
7.	Best Value Audit of West Dunbartonshire Council
8.	Strategy Seminar
9.	Audit Scotland Financial and Performance Information
10.	Best Value Audit Reports

1. Membership

The Commission welcomed Douglas Sinclair to his first meeting as a member of the Commission. The Commission agreed that he should become a member of the Performance Audit Committee. The Commission approved a revised note of members linked to Best Value audits which was circulated.

2. Apologies

Apologies for absence were intimated on behalf of Owen Clarke, Jean Couper, Ann Faulds, Isabelle Low and Mahendra Raj.

3. Minutes

The minutes of meetings of 17, 24 and 31 January 2007 were submitted and approved.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including discussions at the Conference of SOLACE.

5. Chair's Introduction

The Chair referred to a number of matters of current interest including –

- The forthcoming Annual Conference of COSLA
- Discussions with the Commission's sponsor branch in the Scottish Executive about membership issues.

6. Best Value Audit of Scottish Borders Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of the Scottish Borders Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions from members. Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

7. Best Value Audit of West Dunbartonshire Council

There was submitted and noted a report by the Director of Public Reporting (Local Government) outlining the approach to be taken in future audit work to monitor the Council's Improvement Plan through to the follow up report required by the Commission. In addition the Commission noted a letter of 19 January 2007 from the Chief Executive of West Dunbartonshire Council containing the Council's response to the findings of the Commission on the Best Value audit report.

8. Strategy Seminar

There was submitted a report by the Secretary advising Commission members of the arrangements for the Annual Strategy Seminar to be held on 13/14 March. The Commission approved the arrangements for the Seminar as proposed.

9. Audit Scotland Financial and Performance Information

There was submitted a report by the Director of Corporate Services containing financial and performance information for Audit Scotland to 31 December 2006. During consideration of the report there was discussion about the performance of appointed firms of auditors. Thereafter the Commission noted the report.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE AUDIT OF THE SCOTTISH BORDERS COUNCIL
FINDINGS

1. The Commission accepts this report on the performance of the Scottish Borders Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

2. The Commission recognises that Scottish Borders Council has made substantial progress in recent years. It has invested significantly in response to the findings of inspection and audit reports, has built its senior management capacity and has developed appropriate political and management monitoring systems and processes. It is an ambitious Council that is realistic about its strengths and weaknesses. It has put in place many of the building blocks of the Best Value regime, including –
 - Good arrangements for Community Planning and joint working
 - Effective leadership and clear strategic direction by elected members and senior officers
 - Leadership development for members and officers
 - Effective scrutiny
 - Open and transparent decision making, particularly through area committees

3. Many of the improvements in corporate processes have been introduced in recent times and the task for the Council is now to build on these processes to achieve improvements in service delivery. In doing so, the Council needs to focus on the capacity of the organisation to deliver a very ambitious improvement programme, as there is a wide gap between the council's current performance and its aspirations.

4. There are areas of concern which the Commission has identified from the Best Value audit report and which merit the Council's particular attention in developing an Improvement Plan –
 - Lack of a clear corporate asset management strategy
 - A fragmented approach to customer care exemplified by its failure to rationalise council offices
 - The need to demonstrate competitiveness in directly provided services
 - The need to increase the momentum in addressing strategic procurement
 - Prioritisation of roads maintenance and the deteriorating performance of the planning application service.

5. We welcome the Council's recognition of the areas in which improvement is needed and we look forward to receiving an Improvement Plan which takes account of the Best Value audit report and these findings.

Minutes of the meeting of the Accounts
Commission held in Murrayshall House
Hotel, Scone on Wednesday 14 March
2007 at 11am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
J Couper
A Faulds
I Low
M Raj
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
F Kordiak, Acting Director of Audit Services (Local Government)
R Frith, Director of Audit Strategy
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Deputy Auditor General
5.	Code of Audit Practice – Consultation outcomes
6.	Scottish Policing and Performance Framework

1. Apologies

Apologies for absence were intimated on behalf of Keith Geddes.

2. Minutes

The minutes of meeting of 14 February 2007 were submitted and approved.

3. Chair's Introduction

The Chair referred to a number of matters of current interest including

- His attendance at the Annual Conference of COSLA
- His attendance, together with officials from Audit Scotland, at a meeting of the Audit Committee of the Scottish Parliament to discuss the Annual Overview Report.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including discussions at the conference of SOLACE.

5. Code of Audit Practice – Consultation Outcomes

With reference to paragraph 8 of the minutes of meeting of 8 November 2006 there was submitted a report by the Director of Audit Strategy summarising the response to consultation on the draft Code of Audit Practice and seeking approval for the final version of the new code, a copy of which accompanied the report. The report reviewed general issues in the revised code, summarised the consultation responses, detailed changes to the original draft and highlighted an outstanding issue. In discussion a number of detailed points were made about the drafting of the latest version of the code. Thereafter the Commission agreed –

- i. to note the outcome of the consultation process;
- ii. to confirm the retention of paragraph 54 of the draft code as proposed by the Director of Audit Strategy, and
- iii. subject to the detailed drafting points referred to above, to approve the code for the Commission's interest for application from the 2006/7 audits.

6. Scottish Policing and Performance Framework

There was submitted a report by the Director of Public Reporting (Local Government) informing members of the Commission of the launch of the Scottish Policing and Performance Framework. The Commission noted the report.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 9 May 2007 at 10.30am.

PRESENT: A MacNish (Chair)
J Baillie
O Clarke
J Couper
A Faulds
K Geddes
I Low
M Raj
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
W F Magee, Secretary
F McKinlay, Assistant Director of Corporate Services (item 8)
A Devlin, Corporate Planning Officer (item 8)
R Frith, Director of Audit Strategy (items 13 & 14)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Deputy Auditor General
5.	Financial Audit and Assurance Committee
6.	Performance Audit Committee
7.	Commission Strategy Seminar and Targets for 2007-8
8.	Annual Report
9.	Best Value Audit of Scottish Borders Council
10.	The Audit of Best Value – Update Report
11.	Efficient Government: VFM Indicators for Corporate Services
12.	Development of the Local Government Performance Framework
13.	Audit Appointments
14.	Benefit Frauds Inspectorate

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander.

2. Minutes

The minutes of meeting of 14 March 2007 were submitted and approved.

3. Chair's Introduction

The Chair referred to a number of matters of current interest including

- The recent advertisement of the posts of Chair and member of the Commission
- His forthcoming Chairmanship of CIPFA's Conference on Outcome Agreements
- The postponement of the meeting with Edinburgh Council to follow-up the Best Value report, at the Council's request
- His recent discussions with senior representatives of Strathclyde Fire and Rescue Service.

The Commission agreed that the Secretary's note summarising these discussions should be circulated to members.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including

- The circulation of the Improvement Services induction material for councillors elected in May 2007 which includes references to the role of the Accounts Commission
- The publication of interim conclusions by the Crerar Review team, and a forthcoming update report to be made to the Commission
- An introductory meeting with the new Chief Inspector of Constabulary in Scotland with whom further conversations will be held in the forthcoming months on issues affecting the Commission's work in the Police service including the Best Value audit
- Her intention to make a statutory report on certain matters arising in East Lothian Council.

5. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 30 March 2007 were submitted and noted and the recommendations contained therein were approved. With reference to paragraph 2 of those minutes the Commission agreed that relevant correspondence in connection with the late completion of annual audit reports by a firm of accountants should be circulated to members as soon as possible.

6. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 18 April 2007 were submitted and noted and the recommendations contained therein were approved. With reference to paragraph 4 of the minutes there was circulated a proposed allocation of members as sponsors of forthcoming studies. The allocation was approved and is contained as Appendix 1 to these minutes.

7. Commission Strategy Seminar and Targets for 2007-8

There was submitted a report by the Secretary together with summaries of each session of the Commission's Strategy Seminar held on 13/14 March 2007. There was also attached to the report a draft proposal for Accounts Commission targets for 2007/8.

In discussion a number of points were made

- The action points from the day 1 overview of the Seminar are a useful summary of the outcome and can be built into the Commission's developing activities

- The issue of workload for Commission members continues to be significant
- There is a need to develop an understanding of the Commission's role both within COSLA and throughout local government generally
- Consideration should be given to targeting individual councillors with examples of the Commission's output.

Thereafter the Commission agreed

- i. to confirm the outcomes from the Strategy Seminar as contained in the summaries of each session, and
- ii. to adopt the targets for the Accounts Commission for 2007/8 which form Appendix 2 to these minutes.

8. Annual Report

There was submitted a report by the Secretary together with a draft Annual Report for the Accounts Commission. In discussion of the draft report a number of points were made

- There is merit in moving the references to the Overview Report and the NFI Report from the Performance Audit section to the Financial Stewardship section
- The summaries of the Best Value reports should be revisited to ensure the appropriate emphasis in each
- More information should be given on the issues to be pursued in relation to Police
- The separate roles of the Controller of Audit and the Commission should be made clear in the Best Value section.

Thereafter the Commission agreed to authorise the Chair to agree the final text of the Annual Report in the light of the above comments.

9. Best Value Audit of Scottish Borders Council

There was submitted a note of a meeting held on 19 April 2007 between representatives of the Commission and of the Scottish Borders Council to follow up the publication of the Best Value audit report and Commission's findings in relation to that Council. The Commission agreed to note the discussions held at the meeting and associated correspondence from the Chief Executive of the Council and to indicate that the next Best Value audit of the Scottish Borders Council will be carried out as part of the normal cycle of Best Value audits.

10. The Audit of Best Value – Update Report

There was submitted a report by the Controller of Audit updating the Commission on the progress of the programme of Best Value audits. The report described the current position in the Best Value audits under way, referred to resourcing issues in Audit Scotland in relation to the delivery of the Best Value audit programme and outlined a number of areas currently being developed to improve the Best Value audit. The report included a list of the Best Value audits completed to date and a proposed schedule for the remaining Best Value audits. In discussion of the report a number of points were made

- Care should be taken in presenting the reasons for slippage in the programme
- As well as considering secondments it is important to encourage the development of existing staff.

Thereafter the Commission agreed to note the report and the proposed programme of Best Value audits over the next two years.

11. Efficient Government: VFM Indicators for Corporate Services

There was submitted a report by the Deputy Auditor General on the joint audit agency project to develop value for money indicators and benchmarking for core business functions in public sector organisations. The report referred to the Commission's agreement in 2006 to support

this project, described the steps which had been taken in the interim and presented a draft of the paper proposed for publication summarising the project to date and the next steps. In discussion of the report a number of points were made

- The reference to a particular firm associated with the report may cause difficulties and should be omitted
- There are concerns that the report may be overtaken by the shared services agenda
- The voluntary nature of the indicators needs to be emphasised.

Thereafter the Commission agreed to express its concerns about the project but accept the proposal for publication of the paper subject to the above comments.

12. Development of the Local Government Performance Framework

There was submitted a report by the Director of Public Reporting (Local Government) informing the Commission of progress of the Scottish Executive led project to develop a new performance framework for local government in Scotland. Attached to the report was a public discussion paper issued by the Project Board. After discussion the Commission agreed to express its strong concerns to the Scottish Executive that so little progress has been made in developing the performance framework to date, requesting that specific targets and dates be fixed for the development of the framework and outlining the Commission's formal position in relation to its statutory responsibilities for publishing performance indicators.

13. Audit Appointments

There was submitted a report by the Director of Audit Strategy inviting the Commission to consider a number of issues relating to the appointment of auditors. The Commission agreed

- i. in the light of the resignation of Gavin Stevenson, Director of Audit Services, to appointment Lynn Bradley as the appointed auditor for all local government audits carried out by Audit Scotland for the period 2006/7 to 2010/11;
- ii. to appoint as auditors of the newly created Regional Transport Partnerships the auditors of the council supporting the finance function of the Partnership as set out in the report, with the exception of Strathclyde Regional Transport Partnership where the auditor will be KPMG;
- iii. to appoint as auditors of Community Justice Authorities the auditors of the council which provides the finance function to each of the authorities;
- iv. to appoint Lynn Bradley as auditor of the West of Scotland Archaeology Service.

14. Benefit Frauds Inspectorate

The Director of Audit Strategy referred to previous discussions about the means of financing the Commission's new responsibilities in respect of the Benefit Frauds Inspectorate and outlined the Scottish Executive's strong preference for funding the Commission's work in this area through the current funding mechanisms of Audit Scotland, ie direct funding from the Scottish budget approved by the Scottish Parliament. The Commission expressed its reluctance to agree to this proposal but accepted that it may be the solution which the Executive finally chooses to adopt.

	Mid 2009 Leisure Services	Mid 2009 Asset Management	Mid 2009 Strategic Procurement	2009 Teachers Agreement Follow-up	2009 Community Planning	Late 2009 Delivering an Integrated Transport System
Alastair MacNish						
Isabelle Low						
Alan Alexander		✓				
John Baillie				✓		
Owen Clarke	✓					
Jean Couper						
Michael Docherty			✓			
Ann Faulds		✓	✓			
Keith Geddes						
Mahendra Raj						
Iain Robertson					✓	
Douglas Sinclair					✓	

ACCOUNTS COMMISSION TARGETS FOR 2007-8

Strategic objective	Strategic goal	Target	Measured by
1. An effective independent financial audit and assurance programme	Accurate, clear and unambiguous reports for audited bodies and other stakeholders	1.1 A well-planned, well-delivered programme of reports on individual audited bodies	Delivery as against timetable, and stakeholder response whilst preserving independence
		1.2 Overview report highlights the strengths and weaknesses in internal controls and governance; and the material risks in comparison with previous years	Media coverage and stakeholder response
		1.3 Audit quality reviewed to secure best value, to include more time-efficient methods and approaches to work	Part of outcome of quality assurance review. Quality and depth of discussion in FAA Committee
2. The effective introduction of the Best Value audit programme	Successful first cycle and lessons learned for the future, both about the process and about real improvements in service delivery	2.1 7 Best Value reports	Performance reflects plan
		2.2 Findings published within 8 weeks of receipt of report	Publication dates
		2.3 Stakeholders recognise accuracy and value of outputs and role of Accounts Commission	Stakeholder response
		2.4 Audits result in well-focused improvement plans likely to deliver progress	Assessment of improvement plans
		2.5 Specific improvements achieved in councils eg audit committee performance	Auditors' reports on follow-up
		2.6 Overall impact of Best Value audits	Annual overview report

Strategic objective	Strategic goal	Target	Measured by
3. An effective performance audit programme	More joined up reporting with more direct impact	3.1 Improved publicity for outputs in current study programme	Media coverage and stakeholder response
		3.2 Impact of previous study programme assessed and lessons learned	Changes to date resulting from outputs in 2006-7 compared with plan. Consideration of future topics
		3.3 Improvements in impact from future study programme	Improved scoring re criteria; and stakeholder response
4. The effective publication of performance information	Improved content, driving change and more accessible to the public	4.1 Improved performance overall	SPI data for 2006-07
		4.2 Improved and fairer publicity for outputs	Media coverage and stakeholder response
		4.3 Reduced burden on councils	Stakeholder response
		4.4 Improved accessibility for stakeholders	Stakeholder response
5. Good corporate governance of the Accounts Commission	Full compliance with best practice	5.1 Audit Scotland held to account for delivery	Commission scrutiny of quarterly performance information
		5.2 Members have performance assessed	Forward objectives and appraisals
		5.3 Improvement in cohesion and effectiveness	Annual review of corporate effectiveness

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 20 June 2007 at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Faulds
K Geddes
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit Services (Local Government)
W F Magee, Secretary
A Clark, Assistant Director of Public Reporting (items 8 and 9)
Kirsten Henderson, (item 9)
A Canning, Assistant Director of Public Reporting (NHS and Central Government) (item 10)
J Matthew, Project Manager (item 10)
G Smail, Portfolio Manager, Public Reporting (item 11)
D McGiffen, Director of Corporate Services (items 13 and 14)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Development of the Local Government Performance Framework
4.	Chair's Introduction
5.	Deputy Auditor General
6.	Council Administrations Post 2007 Elections
7.	Review of Best Value Audit
8.	Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland
9.	Dealing with Offending by Young People
10.	Managing Long Term Conditions
11.	Departmental Re-organisation and Voluntary Redundancy of the Chief Executive in East Lothian Council
12.	Statutory Performance Indicators
13.	Accounts Commission Gender Equality Scheme and Revised Race Equality Scheme
14.	Audit Scotland Financial and Performance Information

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke and Mahendra Raj.

2. Minutes

The minutes of meeting of 9 May 2007 were submitted and approved.

3. Development of the Local Government Performance Framework

With reference to paragraph 12 of the minutes of meeting of 9 May the Chair referred to a letter, copies of which were circulated, sent by him to the Scottish Executive expressing the views of the Commission. After discussion the Commission agreed that –

- i. further opportunities should be taken as they arose to press the Commission's views, and
- ii. the Commission be kept up-to-date with developments in this area.

4. Chair's Introduction

The Chair referred to a number of matters of current interest including –

- Consultation with the Auditor General on work being undertaken by Audit Scotland on major infrastructure projects relating to transport in Edinburgh
- An invitation to attend a Cabinet event on the public sector to be held on 26 June.

5. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including –

- The completion of her term of office as President of CIPFA
- The roles of Lynn Bradley as Director of Public Reporting (Local Government) and Fiona Kordiak as Director of Public Reporting (NHS and Central Government).

6. Council Administrations Post 2007 Elections

There was submitted and noted a statement outlining the results of the council elections in May 2007.

7. Review of Best Value Audit

There was submitted a report by the Controller of Audit identifying key points in reviewing the Best Value audit and introducing the independent consultants' report and the responses to the public consultation paper. In discussion a number of points were made –

- Overall, the independent report and the responses to the consultation confirm the Commission's understanding of the emerging issues
- It is clear that considerable progress has been made since the beginning of the Best Value audit process and that it is now generally accepted in local government
- There are reservations about the use of some form of template for self assessment, but clearer parameters could be offered for this process

- There is a general acceptance of the need to improve user focus in the Best Value audits and their reporting
- There is a task for Audit Scotland in continuing to develop staffing capacity for the conduct of the Best Value audits
- There continues to be confusion in councils about the different roles of Audit Scotland and the Accounts Commission
- The Commission's proposals for taking these issues forward should be designated as an Improvement Plan
- Early moves should be made to resolve the legislative position on the publication of reports
- The proposed consultation meetings with local government should focus on a number of proposals by the Commission for developing the audit
- The independent consultants' report should be made publicly available soon and there should be early discussions with COSLA and SOLACE.

Thereafter the Commission agreed –

- i. that the issues identified in the consultants' report are, broadly speaking, the issues which need to be taken forward;
- ii. that early moves should be made to request legislative change on the matter of publication of reports, and
- iii. that an early report be made back to the Commission on a timescale for an Improvement Plan and consultation with local government.

8. Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland

There was submitted a report by the Deputy Auditor General advising the Commission of progress in the work of the Crerar Review and introducing the review's interim report to Ministers. The Chair reported to the Commission on recent discussions with Professor Crerar who is leading the review. The Commission noted the report.

9. Dealing with Offending by Young People

There was submitted a report by the Director of Public Reporting (Local Government) referring to previous consideration by the Performance Audit Committee of the key messages arising from the study of progress made in implementing the recommendations made in the 2002 and 2003 reports on Dealing with Offending by Young People. A draft of the full study report accompanied the Director's report. In discussion a number of points were made –

- The draft report strikes the right balance in making a contribution to further improvement
- The key messages section should contain a reference to the comments on referrals to Children's Reporters
- It is good practice for recommendations in reports to identify who is responsible for the action.

Thereafter, and subject to the above comments, the Commission for its interest approved the report for publication.

10. Managing Long Term Conditions

There was submitted a report by the Director of Public Reporting (Health and Central Government) referring to previous consideration by the Performance Audit Committee of key messages arising from the study of the management of long term conditions. A draft of the full report of the study accompanied the Director's report. In discussion a number of points were made –

- The report achieves the right balance in promoting continuing improvement
- The key message about patients wanting greater involvement in their own care should feature in the key recommendations
- The recommendations which deal with cost should also refer to efficiency.

Thereafter the Commission for its interest approved the report for publication subject to the above comments.

11. Departmental Re-organisation and Voluntary Redundancy of the Chief Executive in East Lothian Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on departmental re-organisation and voluntary redundancy of the Chief Executive, copies of which had been circulated to members in advance. The Controller's report was made under section 102 of the Local Government (Scotland) Act 1973. Commission members asked a number of questions of the Controller of Audit and thereafter agreed to make findings on the report as contained in the Appendix to these minutes.

12. Statutory Performance Indicators

There was submitted a report by the Director of Public Reporting (Local Government) introducing a draft consultation paper for the 2007 Performance Information Direction. The report referred to the ongoing work led by the Scottish Executive to develop a framework for performance management in local government and proposed a number of limited changes to the statutory performance indicators in order to harmonise them with performance information being collected nationally and to change performance indicators which are identified as inappropriate for continued use. After discussion the Commission agreed –

- i. that the introduction to the consultation paper should set out more fully the current position in relation to the development of the performance management framework for local government, and
- ii. that the draft paper be otherwise approved for consultation.

13. Accounts Commission Gender Equality Scheme and Revised Race Equality Scheme

There was submitted a report by the Director of Corporate Services introducing a draft Gender Equality Scheme and a revised Race Equality Scheme in relation to the performance of the Accounts Commission's functions. After discussion the Commission agreed –

- i. that the Commission's desire is to move towards one scheme for all the equality schemes as soon as possible;
- ii. that the schemes should clarify the different strands of activity covered by the schemes, and

- iii. that otherwise the schemes be approved.

14. Audit Scotland Financial and Performance Information

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland to 31 March 2007. After discussion the Commission agreed –

- i. that the report be noted;
- ii. that future reports should explain the significant variations between budget and outturn, and
- iii. that reporting on performance should be aligned with the Accounts Commission's targets.

ACCOUNTS COMMISSION FOR SCOTLAND

EAST LoTHIAN COUNCIL

**DEPARTMENTAL RE-ORGANISATION AND VOLUNTARY REDUNDANCY
OF THE CHIEF EXECUTIVE**

FINDINGS

The Commission has considered the Controller of Audit's report on departmental re-organisation and voluntary redundancy of the Chief Executive in East Lothian Council. The Commission accepts the report and endorses its overall conclusions.

The Commission believes that there are lessons to be learned for general application in such circumstances –

- Recognised best practice should be followed when councils make such decisions
- Information provided to elected members should be sufficient and supported by professional advice
- Members should be given sufficient time to consider the issues and should be provided with information on alternative options
- The decision making process should be transparent
- The process for appointing a chief executive should demonstrate that the council appointed the best candidate. Given the critical importance of the post of chief executive to the good management of a council the public are more likely to have confidence that the best candidate has been appointed if the recruitment process is not restricted but open to all potential candidates.

The Commission wishes to stress the importance to good governance of local authorities of the Protocol on Relations between Members and Officers which is part of the National Code of Conduct for Councillors.

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday 4 July 2007 at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
O Clarke
J Couper
M Docherty
A Faulds
K Geddes
I Low
M Raj
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit Services (Local Government)
W F Magee, Secretary
A McCubbin, Communications Officer
N Bridle, Assistant Director of Public Reporting (Best Value) (item 6)
M Walker, Portfolio Manager (Best Value) (item 6)
M Diffley, Portfolio Manager Public Reporting (item 8)
J Lincoln, Project Manager Public Reporting (item 8)
G Smail, Portfolio Manager Public Reporting (item 9)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Deputy Auditor General
5.	Review of Best Value Audit
6.	Best Value Audit of Moray Council
7.	Best Value Audit of West Dunbartonshire Council
8.	Sustainable Waste Management
9.	Current Issues from the Audits

1. Apologies

Apologies for absence were intimated on behalf of John Baillie.

2. Minutes

The minutes of meeting of 20 June 2007 were submitted and approved subject to the insertion of the following at the beginning of paragraph 8 –

Douglas Sinclair declared an interest in this item of business in respect of his membership of the Advisory Panel to the Review.

3. Chair's Introduction

The Chair referred to a number of matters of current interest including –

- His correspondence with Sir Charles Gray and Audrey Findlay congratulating them on their inclusion in the recent Honours List
- His attendance at the Cabinet event for public sector representatives held on 26 June.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including –

- The number of local authority accounts submitted by the statutory deadline of 30 June
- Recent conversations with civil servants and other stakeholders on the development of the Performance Management Framework for Local Government
- Changes in senior management in the Best Value audit team.

5. Review of Best Value Audit

With reference to paragraph 7 of the minutes of meeting of 20 June 2007 there was submitted a draft public statement on the Best Value audit review and a proposed timeline for the next stages of the review. A further draft of the statement was circulated at the meeting. In discussion a number of minor adjustments to the text were agreed and thereafter the Commission approved the statement and timeline as circulated.

6. Best Value Audit of Moray Council

Jean Couper declared an interest in this item of business.

There was submitted a report by the Secretary introducing the Controller of Audit's report on the follow-up to the Best Value audit in Moray Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by the members of the Commission. Thereafter the Commission made findings as contained in the Appendix to these minutes.

7. Best Value Audit of West Dunbartonshire Council

Jean Couper and Michael Docherty declared an interest in this item of business.

There was submitted a note of a meeting held on 9 May 2007 of some of the members who had been involved in the hearing into the Best Value audit report on West Dunbartonshire Council. The note outlined a number of general issues for consideration at any similar future event. The Commission noted the position.

8. Sustainable Waste Management

There was submitted a report by the Director of Public Reporting (Local Government) referring to previous consideration by the Performance Audit Committee of key findings of the study on sustainable waste management carried out jointly with the Auditor General. A draft of the final report of the study accompanied the report. In discussion a number of points were made –

- There is potential confusion between references to management capacity and organisational capacity
- There is a need to offer a challenge on the question of resources
- There is a question about Best Value in respect of current spending in this area
- There are significant unexplained variations in performance
- Stronger guidance should be given on the question of market testing
- This is a cost sensitive issue
- It is important that the Key Findings section of the report is succinct.

Thereafter the Commission agreed:

- i. that a further draft of the final report taking into account the above comments should be submitted for consideration of the Commission, if possible at its meeting on 8 August;
- ii. that a paper on the structure, style and format of reports should be brought to the Performance Audit Committee for discussion at a future date.

9. Current Issues From the Audits

There was submitted a report by the Director of Public Reporting (Local Government) and the Director of Audit Services (Local Government) on current audit issues in councils. This report would have been submitted to the Financial Audit and Assurance Committee in the normal course of events. The Commission welcomed and noted the report.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE AUDIT OF MORAY COUNCIL

FINDINGS

1. In February 2006 the Commission published the report on the Best Value audit of Moray Council together with its findings. The report and findings identified a number of areas for action by the council and the Commission required a further report by the Controller of Audit on the steps taken by the council to address those issues.
2. The Commission accepts this report following up on the performance of Moray Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
3. The Commission acknowledges that since the publication of the original Best Value audit report there has been improvement in the corporate leadership and strategic direction of the council, in particular –
 - Publication of a Community Plan
 - Training programmes for elected members and senior officers
 - Improvements to performance management arrangements
 - New political management arrangements
 - Progress on strategic priorities such as flood prevention projects and agreement on single status.
4. There are, however, continuing areas of concern for the Commission as demonstrated in the report, particularly –
 - The need for consistent strategic leadership by elected members. (The Commission notes that almost all of the changes implemented have been driven by officers, with little clear evidence of member commitment)
 - The need to develop a systematic approach to demonstrating competitiveness
 - The need for a more systematic approach to prioritise and manage strategic priorities
 - The need to accept the value of external support to help deliver its improvement agenda.
5. The Commission believes that Moray Council has made steady progress in a number of areas but still has a considerable way to go in delivering Best Value to ensure that improvement in corporate processes flows through to improved services for the people of Moray. A significant proportion of members elected in May 2007 are new councillors, which presents challenges for the council in making progress. The Commission wishes to see elected members in Moray demonstrate a commitment to delivering Best Value and developing their corporate role in all the council's affairs.
6. The Commission accordingly requires a further report from the Controller of Audit on continued improvement in Moray Council as at 30 June 2008.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 8 August 2007 at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
M Docherty
A Faulds
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
W F Magee, Secretary
A McCubbin, Communications Officer
N Bridle, Assistant Director of Public Reporting (Best Value)
(items 6 and 7)
J Lincoln, Project Manager, Public Reporting (item 8)
K Whyte, Performance Auditor, Public Reporting (item 8)
M Alcock, Portfolio Manager, Public Reporting (item 9)
T Drury, Performance Auditor, Public Reporting (item 9)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Deputy Auditor General
5.	Performance Audit Committee
6.	Best Value Audit of Clackmannshire Council
7.	Best Value Audit of the City of Edinburgh Council
8.	Sustainable Waste Management
9.	Police Call Management
10.	Commission Members' Expenses
11.	Future Meetings
12.	Chair

1. Apologies

Apologies for absence were intimated on behalf of John Baillie, Owen Clarke, Jean Couper, Keith Geddes, Isabelle Low, Mahendra Raj and Iain Robertson.

2. Minutes

The minutes of meeting of 4 July 2007 were submitted and approved.

3. Chair's Introduction

The Chair referred to a number of matters of current interest including:

- Forthcoming interviews for the positions of Chair and member of the Commission
- The appointment of Catherine Coull as Secretary to the Commission with effect from 1 October 2007.

4. Deputy Auditor General

Caroline Gardner advised the Commission of arrangements which have been made for further discussion of the handling of the proposed study of Free Personal and Nursing Care with the relevant Cabinet Secretary. The Commission noted the position.

5. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 24 July 2007 were submitted and noted and the recommendations contained therein were approved. In discussion of the minutes the Commission emphasised the importance of making clear the purpose and scope of the forthcoming report of the study on Improving the School Estate.

6. Best Value Audit of Clackmannanshire Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Clackmannanshire Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value audit team answered questions by the members of the Commission. Thereafter the Commission made findings as contained in the Appendix to these minutes. The Commission also agreed that Michael Docherty be appointed as a link member for this audit in place of Mahendra Raj.

7. Best Value Audit of the City of Edinburgh Council

There was submitted a note of a meeting of 30 July 2007 between representatives of the Commission and of the City of Edinburgh Council to follow up the Best Value audit of that council. A copy of the Council's Improvement Plan which was agreed by the members of the council on 28 June 2007 accompanied the note. After discussion the Commission agreed:

- i. to note the discussion with the City of Edinburgh and the Improvement Plan as submitted;

- ii. to require that the next Best Value audit of the City of Edinburgh Council be carried out in the normal cycle of Best Value audits, and
- iii. to request that the external auditor of the council give particular attention to the key issues arising from the Best Value audit and the meeting with the council in the course of the annual audit process.

8. Sustainable Waste Management

With reference to paragraph 8 of the minutes of meeting of 4 July 2007 there was submitted a report by the Director of Public Reporting (Local Government) introducing a redrafted final report of the study on Sustainable Waste Management, together with a separate key messages paper. In discussion reference was made to the finding in the report concerning the use of option appraisals in relation to recycling systems and the view was expressed that the recommendation concerning option appraisals should apply to all aspects of the process, not only recycling. Thereafter the Commission agreed to welcome the redrafted report and to approve it for publication.

9. Police Call Management

There was submitted a report by the Director of Public Reporting (Local Government) introducing a draft final report and separate key messages paper arising from the study of Police Call Management. The Commission was advised of the views of a number of members not present at the meeting. In discussion of the report a number of points were made:

- It is important to be clear about the scope of this study which is limited to the management of calls to police and does not cover incident management
- Emphasis should be placed on the lack of a national strategic approach by the Scottish Executive to the allocation of the capital investment in police call management
- There should be a clearer emphasis on governance issues, particularly the role of police authorities who have a strategic part to play in such issues
- Consideration should be given to including timescales in the recommendations.

Thereafter the Commission approved the report for publication subject to the above comments and the approval of the final text with the study sponsors.

10. Commission Members' Expenses

There was submitted a report by the Secretary advising the Commission of a new regime for the payment of expenses to members. The report referred to the stipulation by Scottish Ministers that Commission members' expenses and allowances are to be those payable to councillors in Scotland and referred to the introduction of new regulations for such allowances and expenses following the introduction of the new system for the remuneration of councillors from May 2007. The report outlined the new scheme and referred to the tax implications of the new mileage rate. The Commission noted the report.

11. Future Meetings

The Commission agreed:

- i. that the question of moving the regular meeting date for the Commission and its committees be continued pending the appointment of a new Chair, and

- ii. that the next meeting of the Commission due to be held on Wednesday 12 September be provisionally moved to Thursday 13 September.

12. Chair

Alan Alexander referred to the forthcoming retirement of Alastair MacNish as Chair of the Commission and, on behalf of the members, expressed appreciation for the leadership, tact and skill shown by Alastair in that role and for the significant achievements of the Commission during his term of office. Alastair MacNish responded and in particular thanked the members for their conscientious efforts and for their support.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE AUDIT OF CLACKMANNANSHIRE COUNCIL

FINDINGS

1. The Commission accepts this report on the performance of Clackmannanshire Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. The Council faces a number of significant challenges which are specific to its situation. They arise from the scale of the council, the social and economic circumstances of its area and its geographical location and transport links. The council's progress towards Best Value has not matched its aspirations due to its limited capacity, high numbers of priorities and lengthy improvement agenda.
3. To achieve Best Value the council needs to improve aspects of its corporate activity, including:
 - Effective leadership by elected members
 - Sharper prioritisation and clearer articulation of vision, priorities and policies with resource decisions
 - Consistent vision in corporate and community plans
 - Political structures which give clarity on roles and responsibilities
 - A coherent approach to competition in relation to service delivery mechanisms
 - Development of a Human Resources strategy.
4. The council has successful achievements to its name in a number of areas of service provision such as child and adult care, recycling, traffic light repair and dealing with planning applications and noise complaints. There are areas where it needs to improve, including educational attainment, aspects of housing, respite care, food hygiene and trading standards inspections, cultural and community services and refuse complaints. It also needs to make urgent progress in implementing Single Status for its workforce and in the collection of Council Tax.
5. The council has shown that it can work with others, particularly in the development of its community planning partnership. Because of issues of scale and capacity, it is vital that it now places the highest priority on more joint working, sharing management and service delivery arrangements with others, particularly other councils. We look forward to receiving an improvement plan from the council which addresses the questions raised in the Best Value report and these findings and sets realistic timescales for developing the joint working referred to above.

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland, 110 George Street, Edinburgh
on Tuesday 11 September 2007 at 2pm.

PRESENT: J Baillie
O Clarke
J Couper
M Docherty
I Low
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
W F Magee, Secretary
A McCubbin, Communications Officer
N Bridle, Assistant Director of Public Reporting (Best Value)
(items 7 and 8)
L McGiffen, Portfolio Manager, Best Value (item 7)
A Taylor, Portfolio Manager, Public Reporting (item 9)

<u>Item No</u>	<u>Subject</u>
1.	Chair
2.	Apologies
3.	Minutes
4.	Chair's Introduction
5.	Deputy Auditor General
6.	Departmental Re-organisation and the Voluntary Redundancy of the Chief Executive in East Lothian Council
7.	Best Value Audit of East Lothian Council
8.	Best Value Improvement Plan
9.	Police SPIs – Consultation on 2007 Direction
10.	Audit Scotland Financial and Performance Information
11.	Secretary

1. Chair

In the absence of Alastair MacNish, Isabelle Low occupied the Chair.

2. Apologies

Apologies for absence were intimated on behalf of Alan Alexander, Ann Faulds, Keith Geddes, Alastair MacNish, Mahendra Raj and Douglas Sinclair.

3. Minutes

The minutes of meeting of 8 August 2007 were submitted and approved. With reference to paragraph 6 of the minutes concern was expressed about the selective public quotation of the Commission's findings by councils and others.

4. Chair's Introduction

Isabelle Low advised the Commission of the current position in relation to appointments for chairmanship and membership of the Commission.

5. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including:

- So far successful discussions with Lord Sutherland about the handling of the proposed study of free personal and nursing care
- Forthcoming publication of the Crerar Review of Audit, Inspection, Regulation and Complaints Handling.

6. Departmental Re-organisation and the Voluntary Redundancy of the Chief Executive in East Lothian Council

With reference to paragraph 11 of the minutes of meeting of 20 June 2007 there was submitted a report by the Secretary together with extensive correspondence from the Monitoring Officer in East Lothian Council outlining the steps taken by the council in relation to the issues covered in the Controller of Audit's report and the Commission's associated findings. As a consequence of the council's actions in this matter he requested an extension of the statutory time limit for formal consideration of the Commission's findings until the date of the next full council meeting on 23 October 2007. After consideration the Commission noted the position and agreed to the request for an extension of time to consider the findings.

7. Best Value Audit of East Lothian Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of East Lothian Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value Audit Team answered questions by members of the Commission. Thereafter the Commission made findings as contained in the Appendix to these minutes.

8. Best Value Improvement Plan

There was submitted a report by the Director of Public Reporting (Local Government) referring to the Commission's previous consideration of proposals to develop the approach to the audit of Best Value and Community Planning and introducing a draft Improvement Plan to form the basis for discussions with councils and other stakeholders in the Autumn. A list of the proposed plan objectives were summarised in an Appendix to the report. In discussion a number of points were made:

- It will be important to develop a detailed project plan flowing from the agreed objectives with targets, timetable and resources and in sharper language
- It will be helpful to all concerned to give a clearer description of the criteria to be used
- There is a need for clear emphasis on the appropriate role of the Commission in leading the understanding of good practice and promoting realism in councils' Improvement Plans
- There are concerns about the timescale for developing the Best Value audit in police and fire services
- Greater emphasis should be placed on outcomes for service users and citizens.

Thereafter the Commission agreed:

- i. to accept the proposals in the report subject to the above comments as the basis for the development of a detailed project plan with targets, timetable and resources and as the basis for discussion with councils and other stakeholders in preparation for the next phase of the Best Value audit, and
- ii. to request a position paper on the Best Value audit of police and fire services for consideration at its meeting in October.

9. Police SPIs – Consultation on 2007 Direction

There was submitted a report by the Director of Public Reporting (Local Government) presenting proposals relating to statutory performance indicators for police services in 2008/9 and seeking the Commission's approval to consult accordingly before making it's 2007 Direction. The report outlined the background to the issues, progress on the police performance framework, development of the framework and proposals for the 2007 Direction. In discussion a number of points were made:

- In relation to the indicator on the proportion of 999 calls answered within ten seconds, the text of the consultation paper should emphasise that the Commission awaits the development of a new indicator in this area by the Scottish Government and the police services
- The proposal not to proceed with an indicator on service user satisfaction should be explained in the positive context of the development of an alternative in the Scottish Police performance framework.

Thereafter the Commission agreed, subject to the above comments, to approve the draft consultation paper as attached to the report for distribution.

10. Audit Scotland Financial and Performance Information

There was submitted a report by the Director of Corporate Services presenting Financial and Performance Information for Audit Scotland to 30 June 2007. The

Commission noted the information and that Audit Scotland are working to improve performance reporting to the Commission.

11. Secretary

Isabelle Low referred to the forthcoming retirement of Bill Magee as Secretary to the Commission and, on behalf of the members, expressed appreciation of his services, which had been invaluable to the Commission. Bill Magee responded and in particular referred to the excellent working relationship which the members had fostered in the Commission.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE AUDIT OF EAST LOTHIAN COUNCIL

FINDINGS

1. The Commission accepts this report on the performance of East Lothian Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
2. East Lothian Council has many inherent advantages due to the context in which it operates. The council's area enjoys:
 - An unemployment rate below the Scottish average
 - Low levels of deprivation
 - Life expectancy better than the Scottish average
 - Relatively low levels of crime
 - Good transport links
 - An attractive environment.
3. It is therefore of particular concern that the council has made such limited progress in establishing Best Value. While there are examples of successful service delivery, council services perform just below the Scottish average. Relationships between political and managerial leaders have been unduly close, resulting in informal decision making and lack of openness and transparency. The council has no financial strategy and does not have a systematic approach to the management of assets. Leadership of the council has lacked vision and coherence and has not promoted continuous improvement. Elected member leadership capacity has been limited and they have not been well supported to develop this capacity. This is combined with a lack of strategic focus and leadership by the Corporate Management Team
4. We recognise that the council has experienced significant changes in political leadership following the elections in May 2007 and that there are plans for a review of senior management with the departure of the Chief Executive. The council has a singular opportunity to introduce a programme of change and development in order to achieve Best Value for its local population. Council staff are committed and there are examples of good improvement work within services. We are concerned, however, about the capacity of the council to address the major issues which it faces and we urge it to consider what appropriate avenues are available for external assistance, including learning from best practice in the local government community.
5. The issues which the council should address immediately include
 - Open and transparent decision making, with members and officers adhering to their roles and responsibilities

- More robust and effective scrutiny arrangements
- Effective support and training for members
- A stable senior management structure with the capacity to take forward the improvement agenda
- Medium to longer term strategies for effective management of resources including financial planning and asset management
- An effective framework for strategic planning
- An integrated framework for continuous improvement

6. We look forward to receiving an Improvement Plan from the council which addresses the issues raised in the Controller of Audit's report and these findings.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 10 October 2007 at 10.30am.

PRESENT: I Low (Deputy Chair)
A Alexander
O Clarke
J Couper
M Docherty
A Faulds
K Geddes
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
A Clark, Assistant Director Public Reporting (item 6)
R Frith, Director of Audit Strategy (item 9)
R Nicol, Assistant Director Public Reporting (Best Value) (item 7)

<u>Item No</u>	<u>Subject</u>
1.	Membership
2.	Apologies
3.	Minutes
4.	Chair's Introduction
5.	Deputy Auditor General
6.	Crerar Review
7.	Audit of Best Value for Police and Fire and Rescue Services
8.	Preparing for Best Value Audit Round 2
9.	Audit Charges 2007/8 Audits
10.	Future Meetings

1. Membership

Isabelle Low advised the Commission that there was still no outcome in relation to appointments for Chairmanship and membership of the Commission and it now appeared that appointments would be made with effect from 1 November.

The Commission agreed that this was an unsatisfactory position, both in respect of the Accounts Commission and for individuals involved, and noted that the Deputy Chair would be acting as Chair of the Commission until a new Chair was appointed.

2. Apologies

Apologies for absence were intimated on behalf of John Baillie.

3. Minutes

The minutes of meeting of 11 September 2007 were submitted and approved.

With reference to paragraph 7 of the minutes it was noted that the publication date for the report on the Best Value audit of East Lothian Council would be 16 October and agreed that the link members in respect of the report would be Michael Docherty and Jean Couper.

With reference to paragraph 9 of the minutes it was noted that the consultation paper in respect of the 2007 Direction on Police SPIs had now been issued.

4. Chair's Introduction

Isabelle Low referred to the dinner which had been held for the outgoing Chair and Secretary and advised that she had received a phone call from Alastair MacNish and an email from Bill Magee, both expressing their thanks.

5. Deputy Auditor General

Caroline Gardner advised the Commission as follows:-

- The reports on police call management and waste management had been published since the last meeting of the Commission
- The Scottish Government were keen to involve the Accounts Commission and the Auditor General in their forward thinking on SPIs and the outcome framework. A progress report would be submitted to the Commission in due course
- Fraser McKinlay had been appointed to cover Nikki Bridle's post during her absence on maternity leave.

6. Crerar Review

There was submitted a report by the Deputy Auditor General advising that the Crerar Report on the independent review of regulation, audit inspection and complaints handling of public services in Scotland had been published on 25 September. The Deputy Auditor General's report set out the key findings and recommendations arising from the review which related specifically to the Accounts Commission, and also covered the Scottish Government's initial response to the review's overall findings.

Caroline Gardner advised that the Crerar report had now been discussed in Parliament and support had been voiced for the position of both the Accounts Commission and the Auditor General. A team had been put together within the government to follow up on the report and a report was expected some time in 2008. Meantime Audit Scotland proposed that discussions take place with other scrutiny bodies with a view to working together to co-ordinate scrutiny activity more effectively.

Following considerable discussion during which members welcomed the general thrust of the proposals in the report relating to public focus and the rationalisation of scrutiny, the Commission agreed to note the publication of the independent review report and that a further report would be submitted once the Scottish Government had issued its formal response.

7. Audit of Best Value for Police and Fire and Rescue Services

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on developments in relation to its responsibilities for the audit of Best Value in police and fire and rescue services. Attached to the report was a copy of the discussion paper which had been prepared for the Auditor General and Accounts Commission in November 2006 and the report updated the Commission on the progress since that date. It was noted in particular that the Scottish Parliament Justice Committee had announced an enquiry into the use of police resources, reporting early in 2008, and the Commission was invited to decide whether it wished to submit evidence to the Justice Committee based on the material in the attached discussion paper. David Pia advised the Commission that the Auditor General wished to submit evidence and had suggested that this should be a joint submission with the Accounts Commission. He advised that this may result in a request to follow up the written evidence by giving evidence in person.

In discussion a number of points were made, including the following:-

- The importance of finding a credible and acceptable way to monitor a large amount of public expenditure, without constraining the operational independence of the police
- The need for the submission to be evidence-based, which could include reference to the call management report and the pilot best value audit
- The difficulties caused by structures in seeking to advance the best value audit
- The weakness of scrutiny by police authorities
- The possibility of holding discussions with HMCIC.

Thereafter the Commission agreed to submit evidence to the Justice Committee on the basis of a joint submission with the Auditor General for Scotland; to nominate Douglas Sinclair and Owen Clarke to approve the final version of the joint submission for the interest of the Accounts Commission; and to give further consideration in due course to nominating members to appear before the Committee to give evidence in person.

8. Preparing for Best Value Audit Round 2

There was submitted a report by the Controller of Audit and Deputy Auditor General with attached a draft discussion paper to be used for meetings with councils in preparation for round 2 of the Best Value audit. The Commission was asked to comment on and approve the discussion paper and to agree the arrangements for meetings with councils and other key stakeholders.

Considerable discussion took place on the draft discussion paper and a number of amendments were made, including aligning the principles with the areas for development and expanding a number of paragraphs to give greater clarity.

Thereafter the Commission agreed:

- i. to approve the discussion paper for the meetings with councils, subject to the amendments agreed at the meeting;
- ii. that arrangements now be put in hand for the meetings and that councils be invited to send the Leader of the Opposition or Chair of the Audit Committee in addition to the Chief Executive and Council Leader;
- iii. that all members of the Commission be encouraged to attend as many meetings as possible, and
- iv. that the consultation meetings with stakeholders be left until the new Chair was appointed.

9. Audit Charges 2007/8 Audits

There was submitted a report by the Director of Audit Strategy seeking the Commission's agreement to the proposed audit charges for the 2007/08 audits which would commence shortly. The report indicated that the increased charge amounted to 2% which was less than had previously been intimated to local government, as a result of efficiency savings which had been put in place by Audit Scotland.

The Commission agreed to approve the charging proposals for 2007/08 audits and requested that councils be given a clear explanation of how the charges were reached.

10. Future Meetings

It was noted that meetings of the Commission would take place on 14 November, 28 November and 12 December.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 14 November 2007 at 10.30am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
M Docherty
A Faulds
K Geddes
A Kelbie
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit Services
C Coull, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Membership
2.	Apologies
3.	Minutes
4.	Financial Audit and Assurance Committee
5.	Chair's Introduction
6.	Committee Membership
7.	Report by the Controller of Audit
8.	Update Report by Secretary
9.	Local Government Act 1992 – Publication of Statutory Performance Information Direction 2007
10.	Standards Commission for Scotland – Guidance Note to Devolved Public Bodies in Scotland
11.	Programme of Meetings 2008

1. Membership

John Baillie welcomed Adrienne Kelbie and Jim King to their first meeting of the Accounts Commission and congratulated them on their appointment.

Isabelle Low congratulated John Baillie on his appointment as Chair of the Commission.

John Baillie expressed his thanks to Isabelle Low for all her work during the period when she was acting as Chair of the Commission.

2. Apologies

Apologies for absence were intimated on behalf of Jean Couper.

3. Minutes

The minutes of meeting of 10 October 2007 were submitted and approved.

4. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 7 November 2007 were submitted and noted and the recommendations contained therein were approved.

5. Chair's Introduction

John Baillie indicated, that together with the Auditor General for Scotland, he had appeared before the Justice Committee the previous day regarding their enquiry into the effective use of Police Resources. The written submission made jointly by the Auditor General and the Accounts Commission had proved particularly useful and had been well received and he expressed his thanks to all concerned, including Douglas Sinclair and Owen Clarke who had approved the final paper on behalf of the Commission.

He was to attend a media event with journalists on Friday, together with the Auditor General and representatives from Audit Scotland.

6. Committee Membership

There was submitted a note of the current membership of the Committees and it was agreed to continue consideration of this item meantime.

7. Report by the Controller of Audit

There was submitted a report by the Controller of Audit providing an update on a number of matters of current interest:-

- Crerar Report
- Scottish Government Outcomes Approach
- Arrangements for Best Value meetings with councils
- Other external developments
- Audit Scotland developments.

The Commission agreed to note the report.

8. Update Report by Secretary

There was submitted a report by the Secretary advising of:-

- the decisions taken by East Lothian Council on the report by the Controller of Audit on the Departmental Re-organisation and Voluntary Redundancy of the Chief Executive, and
- the decisions taken by Moray Council on the progress report on the audit of Best Value and Community Planning.

Moray Council's Improvement Plan was attached to the report. Following discussion, the Commission asked the Best Value team and the local auditors to monitor the improvement plan and looked forward to the follow-up report in late 2008.

The report was otherwise noted.

9. Local Government Act 1992 – Publication of Statutory Performance Information Direction 2007

There was submitted a report by the Director of Public Reporting (Local Government) setting out the responses to the Commission's consultation paper on proposals for the Statutory Performance Indicator (SPI) 2007 Direction. A draft 2007 Direction was attached to the report. The report also set out the current position on the development of national performance management frameworks for local government, fire and rescue and police services.

Discussion took place in particular on the possible impact of the Scottish Government Outcomes approach on the development of SPIs.

The Commission agreed:-

- i. that the final Direction should include a reference to the current position in relation to the development of the performance management framework for local government, and
- ii. that the 2007 Performance Information Direction be otherwise approved.

10. Standards Commission for Scotland – Guidance Note to Devolved Public Bodies in Scotland

There was submitted a report by the Secretary advising that the Standards Commission was currently revising its guidance note to devolved public bodies and their members and that views on a draft revised guidance note had been requested by 21 December 2007.

Following discussion the Commission agreed to note the proposed revised guidance.

11. Programme of Meetings 2008

With regard to dates to the end of 2007 it was agreed that a meeting of the Performance Audit Committee be held on 28 November and the next meeting of the Accounts Commission be held on 12 December 2007.

With regard to meetings in 2008 it was reported that the Audit Committee of the Parliament had not yet agreed their timetable and, given that the Accounts Commission preferred to retain Wednesdays as the meeting day if possible, it was therefore difficult to plan Accounts Commission meetings. It was agreed that meetings would continue to be held on a Wednesday and that the Chair and Secretary would agree a programme of dates as soon as the dates for the Parliament's Audit Committee became known.

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 12 December 2007 at 10.30am.

PRESENT: J Baillie (Chair)
O Clarke
J Couper
M Docherty
K Geddes
J King
I Low
I Robertson
D Sinclair

IN ATTENDANCE: D Pia, Director of Public Reporting (Local Government)
B Hurst, Director of Public Reporting (NHS and Central Government) (items 1-8)
L Bradley, Director of Audit Services
C Coull, Secretary
L McGiffen, Portfolio Manager, Public Reporting (Best Value) (item 8)
N Hex, Portfolio Manager, Public Reporting (Health & Community Care) (item 7)
C Smith, Project Manager, Public Reporting (Health & Community Care) (item 7)
G Greenhill, Portfolio Manager, Public Reporting (Central Government) (item 8)
S Lovatt, Project Manager, Public Reporting (Central Government) (item 8)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Membership of Committees
6.	Performance Audit Committee
7.	Review of Free Personal and Nursing Care
8.	Promoting and Improving Energy Efficiency – Project Brief
9.	West Dunbartonshire Council Best Value Follow-up Report
10.	Best Value Audit of East Lothian Council
11.	Best Value Audit of Clackmannanshire Council
12.	Audit Scotland Financial and Performance Information – Quarter 2 July – September 2007
13.	Programme of Meetings

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander and Adrienne Kelbie.

2. Minutes

The minutes of meeting of 14 November 2007 were submitted and approved.

3. Chair's Introduction

John Baillie reported on the media event which had been held on 16 November and thanked all those who had been involved. He also referred to the recent consultation meetings with councils on the future of Best Value, which would be the subject of a report to the Commission in January.

4. Report by the Controller of Audit

There was submitted a written report by the Controller of Audit providing an update on a number of matters of current interest:-

- Crerar Report
- Scottish Government outcomes approach – a copy of the concordat governing the relationship between the Scottish Government and local government was attached to the report
- Best Value meetings with councils
- Audit Scotland developments - a copy of the Local Government Priorities and Risks Framework for 2007/08 was attached to the report.

A copy of Audit Scotland's local government sector plan was circulated at the meeting.

David Pia, speaking to the report in the absence of the Controller of Audit, advised that Caroline Gardner had agreed to join a programme board which was being set up to oversee the implementation of the Crerar report.

The Commission agreed to note the report by the Controller of Audit. It was also agreed that the Commission be kept informed of publications from the Audit Commission.

5. Membership of Committees

The Commission agreed to homologate the appointment of:-

- Douglas Sinclair as Chair of the Performance Audit Committee
- Michael Docherty as Chair of the Financial Audit and Assurance Committee
- Adrienne Kelbie as a member of the Performance Audit Committee
- James King as a member of the Financial Audit and Assurance Committee.

6. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 28 November 2007 were submitted and noted and the recommendations therein were approved.

7. Review of Free Personal and Nursing Care

There was submitted a report by the Director of Public Reporting (NHS and Central Government) seeking approval for the joint Accounts Commission and Auditor General draft report and key messages document on the study of free personal and nursing care. Barbara Hurst spoke to the report and indicated that there was still some minor fine tuning required in terms of the wording.

The Commission agreed to approve the report for publication, subject to minor fine tuning of wording. The Chair thanked all members of the team for their work in compiling the report in such a short timescale.

Following discussion on the recurring issue of lack of outcome measures and the need for more detailed financial planning for new government policies, it was agreed to request Audit Scotland to give consideration to the possibility of carrying out a study in this regard.

8. Promoting and Improving Energy Efficiency – Project Brief

Iain Robertson declared an interest in this item, as an adviser to an energy trading company.

With reference to paragraph 5 of the minute of meeting of the Performance Audit Committee of 28 November 2007, there was submitted a report by the Director of Public Reporting (NHS and Central Government) with an attached brief for a possible joint study with the Auditor General for Scotland on promoting and improving energy efficiency in the public sector.

In discussion a number of points were made:-

- The study should be widened to include efficiency in the procurement of energy and the issues and investigations matrix amended
- There should be robust financial data on how best value is evaluated in this regard
- The study should report performance both at promoting energy efficiency and at delivering it.

The Commission agreed to approve the project brief for its interest, subject to inclusion of the above points, and remitted to the Chair to consider the appointment of members as study sponsors.

9. West Dunbartonshire Council Best Value Follow-up Report

Jean Couper declared an interest in this item as one of the consultants working with the Council. Michael Docherty declared an interest in this item as he had previously worked with the Council as a consultant. Both members left the room and took no part in the consideration of the item.

There was submitted a report by the Secretary introducing the report of the Best Value follow-up audit carried out at West Dunbartonshire Council. The 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.

10. Best Value Audit of East Lothian Council

There were submitted:-

- i. Letter dated 8 November from the Chief Executive advising that East Lothian Council had considered the report by the Controller of Audit and the findings of the Accounts Commission on 23 October 2007, and attaching a copy of the covering report and the draft minute of that meeting, and
- ii. Note of meeting between representatives of the Commission and representatives of East Lothian Council held on 15 November 2007.

The Commission noted the position and agreed that the next Best Value audit of East Lothian Council be carried out in the normal cycle of Best Value audits.

11. Best Value Audit of Clackmannanshire Council

There were submitted:-

- i. Letter dated 21 November from the Chief Executive attaching a copy of the report and action plan which had been approved by that Council on 8 November, and
- ii. Note of meeting on 29 November between representatives of the Commission and representatives of Clackmannanshire Council.

The Commission noted the position and agreed that the next Best Value audit of Clackmannanshire Council be carried out in the normal cycle of Best Value audits.

12. Audit Scotland Financial and Performance Information – Quarter 2 July – September 2007

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland for the period to 30 September 2007.

The Commission agreed to note the terms of the report.

13. Programme of Meetings

The Commission agreed to meet on the following dates:-

23 January
28 February
19 March
23 April
21 May
18 June

It was also agreed that committees meet as follows:-

Financial Audit and Assurance Committee – 2 April
Performance Audit Committee – 8 February and 7 May

ACCOUNTS COMMISSION FOR SCOTLAND
WEST DUNBARTONSHIRE COUNCIL BEST VALUE PROGRESS REPORT
FINDINGS

When the Commission made findings on the Best Value report on West Dunbartonshire Council in February 2007, it required a further report by the Controller of Audit on the progress made by the Council as at 31 July 2007 and the Commission accepts this report as fulfilling that requirement. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

The Commission acknowledges the Council's increased commitment to continuous improvement and the progress made by the Council within a fairly short timescale. We endorse the conclusions of the Controller of Audit in her report and would urge the Council to move forward as quickly as possible on the areas where limited progress has been made. Priority should be given to:-

- Continuing to develop member-officer relationships
- Establishing arrangements to demonstrate the competitiveness of its services
- Developing robust financial planning
- Improving community engagement.

The Commission believes that West Dunbartonshire Council needs a longer period of time to put in place the improvements required to demonstrate Best Value and would encourage the Council to increase the momentum of change. The Commission accordingly requires a further report from the Controller of Audit in eighteen months time.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 18 January 2006 at
10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
J Couper
A Faulds
K Geddes
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director, Audit Services
D Pia, Director of Performance Audit (Local Government)
W F Magee, Secretary
R Nicol, Assistant Director Performance Audit (item 6)
C Brown, Best Value Audit Manager (item 6)
M Alcock, Portfolio Manager Performance Audit (item 8)
R Seidal, Project Officer, Performance Audit (item 8)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chairman's Introduction
4.	Deputy Auditor General
5.	Managing Director of Audit Services
6.	Best Value Audit of Argyll and Bute Council
7.	Best Value Audit of East Renfrewshire Council
8.	Review of Community Planning Partnerships
9.	Public Sector Pension Schemes in Scotland
10.	Future Meetings

1. Apologies

Apologies for absence were intimated on behalf of Alyson Leslie.

2. Minutes

The minutes of meetings of 14 and 21 December 2005 were submitted and approved subject to the addition of I Robertson to the sederunt.

3. Chairman's Introduction

The Chairman referred to a number of matters of current interest, including his participation in presentations by firms whose tenders will be considered by the Financial Audit and Assurance Committee and the Commission in the near future.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including –

- The imminent publication of the Glasgow City Council Best Value report
- Recent correspondence with the Chief Executive of Dundee City Council in connection with SPI publications.

5. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of matters of current interest including the development of benchmarking activity in relation to the Efficient Government Initiative.

6. Best Value Audit of Argyll and Bute Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Argyll and Bute Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value team answered questions from members. After discussion the Commission agreed to make findings as contained in the Appendix to these minutes.

7. Best Value Audit of East Renfrewshire Council

There was submitted and noted a note of meeting with East Renfrewshire Council representatives held on 20 December 2005 to follow up the Commission's findings on the report of the Best Value audit of that Council.

8. Review of Community Planning Partnerships

There was submitted a report by the Director of Performance Audit (Local Government) introducing the draft report of the review of Community Planning Partnerships study, a copy of which accompanied the report. The Director introduced the report and referred to a number of comments on the draft report which had been made by the Auditor General as this is a joint report with him. These comments related to

- How costs are expressed
- The role of elected members
- Examples of good performance indicators
- Increased emphasis on the evaluation framework.

The Commission welcomed these comments and in discussion a number of further points were made

- The usual process of involving study sponsors was not completed in this case for a number of reasons
- The focus of the report should be to support constructive improvement of the Community Planning process and outcomes
- It would be useful to identify the partnerships in the various categories of performance
- The treatment of costs in the report should be more explicitly explained
- There is a distinction between transactional costs and changes to front line costs as the result of Community Planning activity
- The ultimate aim is to measure the impact of Community Planning and the barriers to doing so should be explained in the report.

After considerable discussion the Commission agreed that

- i. the report should be adjusted in light of the comments by the Auditor General and the Commission;
- ii. the adjusted draft should be discussed with the Commission's study sponsors and the Auditor General, and
- iii. the report should be brought back to a full meeting of the Commission for approval.

9. Public Sector Pension Schemes in Scotland

There was submitted a report by the Deputy Auditor General and Controller of Audit referring to the Commission's decision in November 2005 that Audit Scotland should prepare a briefing paper on public sector pensions in the "How Government Works" series for the Accounts Commission and the Auditor General. The purpose of the paper is to provide background information about the main public sector pension schemes and the challenges they face. A draft paper accompanied her report. In discussion a number of points were made –

- Examples of actions being taken in the private sector would be useful
- Emphasis should be put on the scale of the issues and the need for early debate
- There should be further emphasis on risk evaluation
- The report should refer to the impact on tax payers and on service delivery.

Thereafter the Commission welcomed the draft report as a potential contribution to understanding and debate of public sector pension issues and agreed –

- i. that the paper should be further developed for approval as proposed in the Deputy Auditor General's report and,
- ii. that John Baillie and Jean Couper act as study sponsors for the report.

10. Future Meetings

It was agreed that future meetings of the Commission be held as follows –

- Strategy Seminar on 7/8 February 2006
- Additional Commission meeting to consider the Best Value report on Highland Council on 15 February 2006 which will also be the date of the next meeting of the Performance Audit Committee.

ACCOUNTS COMMISSION FOR SCOTLAND**BEST VALUE REPORT ON ARGYLL AND BUTE COUNCIL****FINDINGS**

1. The Commission accepts this report on the performance of Argyll and Bute Council's statutory duties to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. We recognise the particular challenges faced by the Council because of its geographic remoteness and the diversity of its population settlements. However the Council has not fully grasped the opportunity to implement Best Value which would help it to address those challenges. It remains traditional in its approach to managing its business and needs clearer leadership and drive to follow through on its initiatives and to embed a culture of continuous improvement in the organisation for the benefit of the local population.
3. In order to develop that culture of continuous improvement the Council needs to address the improvement agenda set out in the report and pay particular attention to
 - Developing the corporate capacity of the Strategic Management Team to play a more effective role in promoting Best Value, for example by engaging external support
 - Developing and using an effective strategic service planning framework and an effective corporate performance management system to drive up performance
 - Developing and using a clear sustainable financial strategy, linking financial planning to corporate objectives and shifting resources to meet agreed priorities
 - Learning to recognise and spread the value of developments taking place within individual services to the organisation as a whole
 - Gaining a better understanding of what is happening in improving and modernising services in other organisations, including other councils.
4. The Commission looks forward to receiving an Improvement Plan from Argyll and Bute Council which is directed to developing a culture of continuous improvement and which is achievable and measurable.

Minutes of Meeting of the
Accounts Commission held at
Murrayshall Hotel, Scone on
Wednesday 8 February 2006 at
11am.

PRESENT: A MacNish (Chair)
A Alexander
O Clarke
J Couper
A Faulds
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director, Audit Services
R Frith, Director of Audit Strategy
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	COSLA
4.	Deputy Auditor General
5.	Financial Audit and Assurance Committee
6.	Audit Tender Appraisal and Provisional Audit Allocation – 2006/7 – 2010/11 Audit Appointments
7.	Scottish Local Authorities Remuneration Committee
8.	Best Value Audit of Argyll and Bute Council

1. Apologies

Apologies for absence were intimated on behalf of John Baillie, Keith Geddes and Peter McKinlay.

2. Minutes

The minutes of meeting of 18 January 2006 were submitted and approved.

3. COSLA

The Chairman advised that COSLA's Annual Conference to be held from 5-7 April 2006 would be a useful opportunity for Commission members to keep up-to-date with local government issues and meet members of the Scottish local government community. The Commission agreed that the Secretary should circulate the programme for the conference when it becomes available with a view to members having the opportunity to attend all or part of it.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including the imminent publication of the Best Value audit reports on Moray and Argyll and Bute Councils.

5. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 25 January 2006 were submitted and noted.

6. Audit Tender Appraisal and Provisional Audit Allocation – 2006/7 – 2010/11 Audit Appointments

Alan Alexander declared an interest in relation to the appointment of auditors to Scottish Water which was dealt with in the Director's report.

There was submitted a report by the Director of Audit Strategy referring to previous consideration of the procurement process and detailing the outcome. The report dealt with:

- Tenders received
- Tender appraisal
- Firms to be appointed
- Provisional allocation of audits to the recommended providers.

At its meeting on 25 January 2006 the Financial Audit and Assurance Committee considered the outcome of the tender process and made recommendations to the Commission. After discussion the Commission agreed:

- i. to approve the appointment of firms for local government audit set out in para 6.2 of the report;
- ii. to approve the provisional allocation of local government audits as set out in Appendix 2 to the report, and

iii. to await a further report on the final allocation of audits.

7. Scottish Local Authorities Remuneration Committee

Reference was made to the recently published report by the Scottish Local Authorities Remuneration Committee on their review of remuneration arrangements for local authority councillors and the Commission agreed to request a report from Audit Scotland summarising the conclusions and recommendations.

8. Best Value Audit of Argyll and Bute Council

With reference to paragraph 6 of the minutes of meeting of 18 January 2006 the Secretary advised that Argyll and Bute Council proposed to formally consider the Commission's findings at a full meeting of the Council scheduled for 10 May 2006. The Commission noted the position.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 15 February 2006 at
10am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
K Geddes
A Leslie
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
N Bridle, Assistant Director Performance Audit (item 2)
L McGiffen, Best Value Performance Auditor (item 2)
A Roberts, Director of Audit Services (Central Government) (item 3)
D Gill, Senior Manager Performance Audit (item 3)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Best Value Audit of Highland Council
3.	Council Housing Transfer Study

1. Apologies

Apologies for absence were intimated on behalf of Jean Couper and Ann Faulds.

2. Best Value Audit of Highland Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Highland Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value team answered questions from members. After discussion the Commission agreed to continue consideration of the reports to its next meeting.

3. Council Housing Transfer Study

There was submitted a report by the Director of Performance Audit (Central Government) referring to the Performance Audit Committee's consideration of emerging findings from the study on council housing transfer and introducing a draft report of the study and key findings which reflected comments from the Auditor General, members of the study advisory group and the Commission members who acted as study sponsors. A draft of the study report accompanied the Director's report. In discussion a number of points were made:

- The report is well drafted and represents a high quality of work by the team
- It is beyond the scope of the study to comment on the objectives of the housing transfer policies
- It is too early to assess the performance outcome of transfers but this report will be a useful baseline for the future
- The report should include a final section which looks forward to further development
- The key messages can be sharpened by making fewer references to the historical background to the current situation.

Thereafter the Commission agreed:

- i. that the draft report be adjusted to take account of the comments made in the discussion, and
- ii. that the approval of the final version of the report be delegated to the Chairman in consultation with the Auditor General as this is a joint report.

Minutes of Meeting of the
Accounts Commission
held in the offices of Audit
Scotland, 110 George
Street, Edinburgh on
Wednesday 8 March
2006 at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
J Cooper
A Faulds
K Geddes
I Low
P McKinlay
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
G Stevenson, Director of Audit Services (Local Government)
W F Magee, Secretary
N Bridle, Assistant Director, Performance Audit (items 7 and 8)
L McGiffen, Best Value Performance Manager (items 7 and 8)
G Smail, Senior Manager, Performance Audit (item 9)
A Clark, Portfolio Manager, Performance Audit (item 10)
S Pollock, Project Manager, Performance Audit (item 10)
A Taylor, Portfolio Manager, Performance Audit (item 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Deputy Auditor General
5.	Audit Services
6.	Performance Audit Committee
7.	Best Value Audit of Highland Council
8.	Best Value Audit of Glasgow City Council
9.	Overview Report on the Audit of Local Authorities 2004/5
10.	A Teaching Profession for the 21 st Century
11.	Strategy Seminar
12.	Local Authorities Performance Information and SPIs
13.	Freedom of Information
14.	Remuneration of Councillors
15.	Future Meetings

1. Apologies

Apologies for absence were intimated on behalf of Alyson Leslie and Mahendra Raj.

2. Minutes

The minutes of meetings of 8 and 15 February 2006 were submitted and approved.

3. Chairs Introduction

Alastair MacNish advised the Commission of a number of recent activities.

- He participated in the successful Audit Scotland staff conference on 2nd March.
- He will participate in the CIPFA in Scotland Annual Conference on 10th March.
- An invitation has been extended to Tom McCabe, MSP, Minister for Finance and Public Service Reform, to visit the Commission to discuss matters of common interest in the near future.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including further work being undertaken on efficiency savings which would be the subject of future reports to the Commission.

5. Audit Services

Gavin Stevenson referred to a number of matters of current interest including the accounting arrangements for Councils meeting the costs of single employment status agreements.

6. Performance Audit Committee

There were submitted and noted the minutes of meeting of the Performance Audit Committee of 15 February 2006 and the recommendations contained therein were approved.

7. Best Value Audit of Highland Council

With reference to paragraph 2 of the minute of meeting of 15 February 2006 the Commission resumed consideration of reports by the Secretary and the Controller of Audit on the Best Value Audit of Highland Council. After discussion the Commission agreed to make findings contained in the Appendix 1 to these minutes.

8. Best Value Audit of Glasgow City Council

There was submitted a letter of 23 February 2006 from the Chief Executive of Glasgow City Council together with the Councils best value audit

improvement plan. There was also submitted a note of meeting between representatives of the Council and of the Commission which took place on 1st March. The Commission noted both items.

9. Overview Report on the Audit of Local Authorities 2004/05

There was submitted a report by the Secretary introducing the Controller of Audit's annual overview report of issues arising from the Local Authority Audits. The Controller of Audit and Performance Audit Staff answered questions by the Commission members. The Commission then made findings on the report contained in Appendix 2 to these minutes.

10. A Teaching Profession for the 21st Century

There was submitted a report by David Pia referring to the Performance Audit Committee's consideration of key messages arising from the first stage review of the costs and implementation of the Teacher's Agreement – A Teaching Profession for the 21st Century and introducing a draft report of the study. In discussion of the draft a number of points were made:

- a major issue is the lack of measurable outcomes and targets and this should feature in the key messages
- A review of the educational outcomes is not included and may be covered by a future HMIE report.

Thereafter the Commission welcomed the draft report and agreed that a revised draft taking into account the above points should be cleared for publication by the Deputy Chair and the study sponsors.

11. Strategy Seminar

There was submitted a report by the Secretary together with notes of the discussion held at the Commission's strategy seminar on 7/8 February 2006. The report referred to the conclusions of the seminar as contained in the notes and outlined a number of immediate actions for consideration. During discussion a number of points were made:

- The review of the role of members should include their activity as study sponsors
- The Commission wishes to emphasise the need for continuing focus on the impact of its work.

Thereafter the Commission agreed to note the outcome of the seminar and agree the resulting actions as described in the Secretary's report.

12. Local Authorities Performance Information and SPIs

There was submitted a report by the Director of Performance Audit (Local Government) advising the Commission about work to review information about local authority performance. The Scottish Executive will lead a project to look at performance information (including SPIs) in the context of local authority performance management and the related activity being developed

under the Public Service Reform agenda. A first phase report should be complete in April and the project will have progressed further by the Autumn. The Commission noted the progress at national level in reviewing local authority performance information.

13. Freedom of Information

There was submitted a report by the Director of Corporate Services reviewing the impact of Freedom of Information legislation on Audit Scotland in its first year. The report outlined the background, requests received and dealt with, an appeal, internal audit findings, challenges and changes and a review of the operation of the act. In discussion concern was expressed about the destruction of historical documents under Audit Scotland's records management arrangements. Otherwise the Commission noted the report.

14. Remuneration of Councillors

There was submitted and noted a report by the Secretary advising the Commission of the terms of the recently published report by the Scottish Local Authorities Remuneration Committee on the Remuneration of Councillors in Scotland.

15. Future Meetings

The Commission agreed to transfer its regular monthly meeting in April from 12th to 26th April.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE REPORT ON HIGHLAND COUNCIL
COMMISSION FINDINGS

1. The Commission accepts this report on the performance of Highland Council's statutory duties to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. The Council has demonstrated a number of significant strengths:
 - Strong community engagement
 - Well established joint working with the voluntary sector, NHS and other partners
 - Increasing public satisfaction with service delivery
 - Despite the high cost of service delivery, Band D council tax is below the Scottish average.
3. The Council has approached the delivery of public services in an area which covers the largest land mass of all Scottish local authorities by decentralising to eight former local authority areas whose boundaries correspond with the former district councils. This creates an emphasis on local solutions to local problems which often deliver appropriate and effective arrangements for its residents. However the Council needs to do more to bring corporate coherence to these decentralised and varied structures.

This is one of the reasons why the Council needs stronger strategic leadership by elected members. There is also a need to develop corporate strategic management in the senior management team to complement the Chief Executive.

4. There are a number of areas of corporate activity in which the Council must make improvements if it is to be in a position to deliver Best Value:
 - Internal scrutiny: it is essential that Council members receive better performance information to enable them to make the most of their important scrutiny role
 - Corporate performance: to meet the considerable challenges in developing sufficient staffing capacity the Council needs to develop a corporate workforce planning strategy
 - Managing assets: the Council needs to develop an overall corporate Asset Management Plan to enable it to deliver its capital programme
 - Managing and controlling risk: the Council needs to do more to develop corporate risk management arrangements. Specifically it needs to set up a corporate risk register

- Competitiveness: the Council should consider putting some of the services delivered by its Significant Trading Organisations out to competitive tender. It should also make more effective use of options appraisals and of benchmarking.
5. While the Council has taken some difficult financial and strategic decisions it needs to build on its general sound financial management by setting fewer, clearly articulated priorities at service and area level. The Council must also maximise the opportunities for efficiencies in addressing the serious pressure on its resources caused by current demands.
 6. The Commission acknowledges that the Council recognises the need for improvement, particularly in addressing its current decentralised structure and looks forward to receiving an Improvement Plan from the Council which contains specific targets and goals.

ACCOUNTS COMMISSION FOR SCOTLAND

OVERVIEW OF THE LOCAL AUTHORITY AUDITS 2005

FINDINGS

1. Scottish councils are facing major challenges:
 - The Scottish Executive's drive for public sector reform and modernisation and for efficiencies
 - Their ongoing duty to deliver Best Value and to lead Community Planning
 - The potential loss of experienced councillors and chief executives in 2007
 - Developments in services, including the teachers' agreement, modernisation of the school estate, free personal care for older people, growing concerns about child protection and community safety, improving the quality and sustainability of housing stock and the national waste strategy .
2. To meet these challenges effectively councils must continually strive to work in new ways, setting strategic objectives, clearly identifying priorities and working with partners to deliver them. In this changing environment there will be greater diversity of accountability structures and the Code of Practice on Following the Public Pound will be increasingly relevant.
3. We are pleased that financial stewardship in councils remains generally sound. Council tax collection rates continue to improve and councils have responded well to the Commission's recommendations on providing more information about reserves and what they intend to do with them. We welcome further progress in developing audit committees, although there is still some way to go to fully embed their quasi-independent role. There have been positive developments in service delivery, including improvements in waste recycling.
4. There are areas in which councils need to improve in order to meet these challenges:
 - Development of medium and long term financial strategies that cover all their operations, taking account of significant long term commitments and, as far as possible, central government funding intentions
 - Further development and implementation of systematic performance management. Limited performance information in councils makes it difficult to assess how well services are being delivered.
 - Identification of priorities to meet strategic objectives in the face of limited resources and increasing demands on services
 - Better information and support for elected members to enable them to exercise their scrutiny responsibilities effectively
 - Increased emphasis on asset management plans
 - Better development of risk management arrangements
 - Development of overall human resource strategies setting out how changes in service and service delivery methods will affect the workforce and how these will be addressed

- Better focus on the needs of service users.
5. Council pension fund liabilities have increased significantly and councils' contributions as employers are likely to rise following the full valuation of the funds. This is an area of continuing concern which will place additional pressure on resources.
 6. We welcome the continuing development of the Best Value audit process and the application of the priorities and risks framework. We also welcome the work which Audit Scotland does with inspectorates and other scrutiny agencies to minimise duplication and reduce the burden on audited bodies.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 26 April 2006 at
10.30am.

PRESENT: A MacNish (Chair)
A Alexander
O Clarke
J Couper
A Faulds
A Leslie
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
R Frith, Director of Audit Strategy
W F Magee, Secretary
M Alcock, Portfolio Manager, Performance Audit (item 6)
R Seidel, Project Officer, Performance Audit (item 6)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Matters Arising
4.	Chair's Introduction
5.	Managing Director of Audit Services
6.	Review of Community Planning Partnerships
7.	National Fraud Initiative
8.	Role of Commission Members
9.	Best Value Audit of Moray Council
10.	2006/7-2010/11 Audit Appointments
11.	Revised Form of Audit Certificate for Councils and Joint Boards
12.	Changes to the Local Government Directorate
13.	Best Value Audit of Inverclyde Council

1. Apologies

Apologies for absence were intimated on behalf of John Baillie and Keith Geddes.

2. Minutes

The minutes of meeting of 8 March 2006 were submitted and approved.

3. Matters Arising

Arising from the minutes of the meeting of 8 March 2006 Bill Magee gave an update on a number of matters:

- Discussions are in hand with the office of the Minister about dates for the proposed meeting with the Commission
- The Best Value audit report on Highland Council was published on 5 April
- The Overview Report on the 2004/5 audits was published on 30 March
- The report on the study on A Teaching Profession for the 21st Century will be published on 11 May.

4. Chair's Introduction

Alastair MacNish advised the Commission of a number of recent activities:

- He and other representatives of the Commission and Audit Scotland attended the COSLA Annual Conference from 5-7 April
- He will address the conference of the Institute of Internal Auditors in June
- Isabelle Low will speak at a Best Value conference organised by the Improvement Service on 31 May
- He will attend a meeting of the Audit Committee of the Scottish Parliament on 16 May to present the Overview Report
- The follow-up meeting on the Best Value audit of Argyll and Bute Council took place on 12 April and will be reported to a future Commission meeting.

5. Managing Director of Audit Services

Hugh Hall referred to a number of matters of current interest including the development of the priorities risks framework for the local government sector which will be discussed at the Financial Audit and Assurance Committee meeting in July.

6. Review of Community Planning Partnerships

There was submitted a report by David Pia referring to the Commission's consideration of a draft report on the study of Community Planning Partnerships in January when a number of areas for revision were suggested. A further draft report of the study accompanied his report. In discussion a number of points were made:

- This is a very complex subject with great significance for the future of public service delivery
- The revised report is welcome, representing considerable effort by the team and reflecting previous discussions
- In publishing and promoting the report's findings it will be important to encourage the positive development of Community Planning and to emphasise the priority of recommendations. The draft evaluation framework will help in this process

- It is also important to point out the barriers to progress which exist
- As the report is largely about process at this stage it should be made clear that the Commission is of a mind to revisit the subject at a future date
- The media release for this report will require careful consideration.

As this is a joint study with the Auditor General the Commission noted that the draft report will be subject to a clearance process in the Scottish Executive. Thereafter the Commission agreed to approve the draft report, subject to the above comments, for the clearance process and subsequent publication.

7. National Fraud Initiative – National Report

There was submitted a report by Russell Frith referring to previous discussion of the outcome of the 2004/5 National Fraud Initiative (NFI) in Scotland and introducing a proposed detailed national report for publication. In discussion a number of points were made:

- There are issues about the possibility of naming councils within the published report
- Further consideration should be given to the wording in paragraph 22 about the assurance which audited bodies can take if no significant fraud or error is found
- There are issues about the extent to which individual findings are followed up through legal processes and otherwise.

Thereafter the Commission welcomed the report and agreed to approve it, for their interest, for publication subject to the above noted comments.

8. Role of Commission Members

With reference to paragraph 11 of the minutes of meeting of 8 March 2006 there was submitted a report by Bill Magee on a number of issues arising from discussions at the Annual Strategy Seminar for Commission members. The report referred to the role which members might play in relation to individual Best Value audits as they are carried out, and as sponsors of Performance Audit studies. The report also referred to a number of issues concerning the remuneration of members. After discussion the Commission agreed:

- i. to approve the description of the role of Commission members linked to Best Value audits as contained in Appendix 1 to these minutes;
- ii. to introduce a preliminary stage for consideration of Best Value audit reports as described in the report when appropriate in the light of feedback from members on receipt of each Best Value audit report;
- iii. to approve the role of Commission members as study sponsors as contained in Appendix 2 to these minutes;
- iv. in recognition that preparation for an attendance at normal monthly Commission meetings represents the time commitment expected of Commission members, to agree that the supplementary daily allowance as approved by Scottish Ministers should in future be applied to involvement by Commission members in the following:

- a. meetings of Performance Audit and Financial Audit and Assurance Committees
- b. acting as sponsors of studies
- c. acting as link members for Best Value audits
- d. other duties carried out by members eg attendance at appropriate seminars, taking part in media events.

9. Best Value Audit of Moray Council

There was submitted a report by Bill Magee together with a note of the discussions held with representatives of Moray Council on 30 March 2006 following up the Best Value audit report on that Council. A copy of the Council's draft Improvement Plan also accompanied the report. The Commission agreed to note the terms of the discussion with representatives of the Council and also to note the Council's Improvement Plan.

10. 2006/7-2010/11 Audit Appointments

There was submitted a report by Russell Frith addressed to the Commission and the Auditor General referring to previous discussion by the Commission of the appointment of auditors and in particular to the decisions made at the meeting on 8 February 2006. The report described the consultations which had taken place since that date and set out proposals for the appointment of auditors. The Commission, for their interest, agreed to approve the appointments set out in the Appendices to the report.

11. Revised Form of Audit Certificate for Councils and Joint Boards

There was submitted a report by Russell Frith referring to the certificate which auditors are required to place on the abstract of accounts of local authorities and other bodies within the remit of the Commission under section 101(4) of the Local Government (Scotland) Act 1973. He advised that this certificate required to be updated in the light of the development of international standards on auditing and a Bulletin on Auditor's Reports in the Public Sector published by the Auditing Practices Board. The Commission agreed to approve the revised form of model local authority audit certificate as set out in the Annex to the report.

12. Changes to the Local Government Directorate

There was submitted a report by David Pia describing recent changes to the structure of the Performance Audit Group. The Commission noted the report.

13. Best Value Audit of Inverclyde Council

With reference to paragraph 2 of the minutes of meeting of 16 November 2005 the Commission agreed that the progress report on the Best Value audit of Inverclyde Council as at 31 March 2006 should be submitted as an informal report rather than as a formal statutory report.

ACCOUNTS COMMISSION

COMMISSION MEMBERS LINKED TO BEST VALUE AUDITS

Two Commission members are selected to be linked to each of the Best Value audits of councils, police and fire authorities. The audit is carried out by the Best Value team and is reported to the Commission by the Controller of Audit, and these processes are independent of the Commission. The linked members will have no involvement in the conduct of the audit or the preparation of the report. There are two purposes in linking Commission members with the audits –

1. To develop a particular understanding of the context and operation of that particular audited body; and
2. To identify the two members who will join the Chair or Deputy Chair in the follow-up meeting with representatives of the body, or alternatively, will play a leading role in any statutory hearing which may be held arising from the audit.

The usual pattern of involvement by members is –

1. Members will be identified when the forward programme of audits is agreed;
2. Background briefing material on the context of the council will be sent to linked members by the Best Value team at the beginning of the audit;
3. When the report has been finalised the Best Value team will offer a briefing to linked members before the Commission meeting to consider the report; this may be informed by the views of Commission members on receipt of the report
4. Linked members will be asked to lead the discussion on the report at the Commission meeting; and
5. Linked members together with the Chair or Deputy Chair will attend the follow-up meeting with representatives of the council, when a further briefing note will be provided to them.

ACCOUNTS COMMISSION

COMMISSION MEMBERS' INVOLVEMENT AS STUDY SPONSORS

When the Commission approves the conduct of a study it nominates two members to act as study sponsors. The intention is to provide a channel of strategic and policy guidance to Audit Scotland staff working on the study and a communication link between the study team and the Commission. The usual pattern of involvement is

1. Study brief and issues and investigation matrix - the sponsors comment on Audit Scotland drafts and agree final version for submission to the Performance Audit Committee. This can be done by correspondence and/or discussion.
2. Study Advisory Group - the sponsors comment on membership suggested by Audit Scotland and may suggest other interests or individuals for inclusion. Sponsors attend initial Advisory group meetings where possible.
3. Progress monitoring - Audit Scotland keep sponsors informed of progress of study and, on an exception basis, where a study has uncovered significant unexpected issues, or run into significant delays or  applications.
4. Key messages - Audit Scotland discusses with sponsors the main conclusions and key messages coming out of the study to ensure that they are content before the draft key messages are considered by the PA Committee.
5. Sponsors are invited to attend and lead the discussion at the Performance Audit Committee's consideration of key messages.
6. Study Reports - Audit Scotland sends the draft report to sponsors for comment at the beginning of the consultation period to ensure that they are content before the draft report is considered by the Commission.
7. Where a study is carried out jointly sponsors may be asked to discuss key messages or the draft report with the Auditor General.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 7 June 2006 at
10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
J Couper
A Faulds
A Leslie
I Low
P McKinlay
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
G Stevenson, Director of Local Government (Audit Services)
W F Magee, Secretary
R Nicol, Assistant Director of Performance Audit (items 1 to 10)
N Bridle, Assistant Director of Performance Audit (items 1 to 13)
C Brown, Best Value Audit Manager (item 12)
F McKinlay, Assistant Director of Corporate Services (item 16)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Caroline Gardner
5.	Scrutiny Review
6.	Audit Services
7.	Ministerial Visit
8.	Performance Audit Committee
9.	Best Value Audit of Inverclyde Council
10.	Best Value Audit of Argyll and Bute Council
11.	Best Value Audit of Highland Council
12.	Best Value Audit of Renfrewshire Council
13.	Update on Best Value
14.	Statutory Performance Indicators – Consultation on the 2006 Direction
15.	Forward Study Programme (October 2006 – March 2008)
16.	Accounts Commission Annual Report 2005/6
17.	McClelland Report on Procurement
18.	Future Meetings

1. Apologies

Apologies for absence were intimated on behalf of Keith Geddes, Mahendra Raj and Hugh Hall.

2. Minutes

The minutes of meeting of 26 April 2006 were submitted and approved.

3. Chair's Introduction

Alastair MacNish advised the Commission of a number of matter of current interest:

- He attended a meeting of the Audit Committee of the Scottish Parliament on 16 May for the annual discussion of the Commission's business based on the findings of the overview report
- He attended a meeting of the Local Government and Transport Committee of the Scottish Parliament on 6 June for similar purposes
- Isabelle Low addressed a conference on Best Value in local government arranged by the Improvement Service on 31 May
- The Commission's sponsor branch in the Scottish Executive is currently dealing with issues relating to membership of the Commission arising from the expiry of the term of office of a number of Commission members in September.

4. Caroline Gardner

The Commission congratulated Caroline Gardner on her assumption of the national Presidency of CIPFA UK.

5. Scrutiny Review

Caroline Gardner advised the Commission of the background to the recent announcement by Tom McCabe MSP, Minister for Finance and Public Service Reform, of a review of scrutiny and a copy of the Executive's news release was circulated. The Commission noted the position.

6. Audit Services

Gavin Stevenson advised the Commission of a number of matters of current interest including:

- The local government audits carried out by Audit Services are currently on programme
- The Priorities Risk Framework for the next series of audits is under active discussion and will be submitted to the Commission.

7. Ministerial Visit

There was submitted a report by the Secretary concerning the proposed visit to the Commission by Mr Tom McCabe MSP, Minister for Finance and Public Service Reform. It had been intended that the Minister would meet the Commission on this day but he was now unable to do so. The Commission noted the position.

8. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 17 May 2006 were submitted and noted and the recommendations contained therein were approved.

9. Best Value Audit of Inverclyde Council

With reference to paragraph 13 of the minutes of meeting of 26 April 2006 there was submitted a report by the Director of Performance Audit (Local Government) informing the Commission of recent progress at Inverclyde Council following the audit of Best Value and Community Planning. The report referred to previous consideration by the Commission of formal statutory reports on the Best Value audit at Inverclyde Council, the findings made by the Commission and activity in the Council since the date of the last report. In discussion a number of points were made:

- This is an informal progress report to the Commission and the communication with the Council will need to emphasise this point
- There are continuing concerns about the pace of change and the urgency of the Council's approach.

Thereafter the Commission agreed:

- i. that the report be forwarded to the Council with a communication from the Chair of the Commission outlining the concerns, and
- ii. that a further formal statutory report be made by the Controller of Audit to the Commission on progress in Inverclyde Council as at 31 October 2006.

10. Best Value Audit of Argyll and Bute Council

There was submitted a note of a meeting between Commission representatives and the representatives of Argyll and Bute Council which took place on 12 April 2006 as a follow up to the Best Value audit report and findings on that Council. The Council's Best Value Improvement and Development Plan was also circulated.

The Commission agreed:

- i. to note the terms of the discussion with the Council's representatives;
- ii. to note the Best Value Improvement and Development Plan of the Council, and
- iii. to require a further report on the Best Value audit of Argyll and Bute Council as at 31 December 2007.

11. Best Value Audit of Highland Council

There was submitted a note of meeting between Commission representatives and representatives of Highland Council held on 19 May 2006 as a follow up to the Best Value audit report and findings on that Council. There was also circulated a report by the Chief Executive of the Council on the audit of Best Value and Community Planning together with a draft Improvement Plan which had been approved by the Council.

The Commission agreed:

- i. to note the terms of the discussion with representatives of the Council;
- ii. to note the Council's Improvement Plan, and
- iii. to require a further report on the audit of Best Value and Community Planning in Highland Council in accordance with the normal three yearly cycle in the expectation that the Council's external auditor will review the Council's performance measured against the Improvement Plan during the interim period.

12. Best Value Audit of Renfrewshire Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Renfrewshire Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value team answered questions from members. Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

13. Update on Best Value

There was submitted a report by the Director of Performance Audit (Local Government) which:

- Reviewed progress on the Best Value audits
- Considered the resource implications of the work to date and recent management changes
- Proposed a schedule for the remainder of the first cycle of audits
- Made proposals for reviewing the process to date
- Suggested areas for development work over the next year.

In discussion of the report a number of points were made:

- Proposals for Best Value audits in Fire authorities will be brought forward following the Fire Services study
- It would be helpful for the Commission to have further information on the use of resources in Best Value audits and the relationship between actual and planned inputs
- Feedback from frontline staff is not an accurate measure of user experience of council services
- As the Best Value audit process develops the pattern of follow up work may differ.

Thereafter the Commission agreed:

- i. to welcome the progress of the Best Value audit process to date;
- ii. to accept the order and proposed timing of the Best Value audits of the remaining councils as set out in the report;
- iii. to approve the report's proposal for an independent report on the Best Value audits to date, and

- iv. to postpone the proposed meetings between Commission members and councils and other key stakeholders until the findings of the independent report are known.

14. Statutory Performance Indicators – Consultation on the 2006 Direction

With reference to paragraph 7 of the minutes of meeting of the Performance Audit Committee of 17 May 2006 there was submitted a report by the Director of Performance Audit (Local Government) introducing the draft consultation paper for the 2006 SPI Direction. A copy of the draft consultation paper accompanied the report. The Commission considered the draft consultation paper and agreed its content as submitted for consultation purposes.

15. Forward Study Programme (October 2006 – March 2008)

There was submitted a report by the Deputy Auditor General pointing out that the Commission and the Auditor General are due to consult over the summer on their proposed forward study programme for 2006 – 08 and outlining:

- A strategic framework for a balanced study programme
- Potential study topics for the forward study programme for consideration by the Accounts Commission and the Auditor General
- Planned overview reports due for publication during the period October 2006 to March 2008
- Proposals for the consultation process.

In discussion of the report a number of points were made:

- The emphasis on joint studies with the Auditor General is welcome and allows the opportunity to focus on the impact of executive policies across institutional boundaries
- The list of potential study topics is long, particularly as the Commission is tending to concentrate resources on a smaller number of significant studies.

After discussion the Commission agreed to approve the proposals for consulting on the forward study programme set out in the report.

16. Accounts Commission Annual Report 2005/6

There was submitted a report by the Director of Corporate Services introducing a draft of the Commission's Annual Report for 2005/6. In discussion a number of points were made including the need to reinstate in the Annual Report information on the Commission's performance against its targets in the year. The Commission agreed that a further draft of the report be prepared and remitted to the Chair and Deputy Chair to finalise its terms.

17. McClelland Report on Procurement

There was submitted a report by the Director of Audit Strategy summarising the report for the Scottish Executive by John McClelland on procurement activity. The report set out the main points of the McClelland report and referred to Audit Scotland's work on procurement. The Commission noted the report.

18. Future Meetings

The Secretary advised the Commission that, following approval of the revised programme for Best Value audits, it will be necessary to review arrangements for meetings of the Commission for the remainder of 2006 and the Commission agreed that a revised schedule of meetings be circulated.

BEST VALUE AUDIT OF RENFREWSHIRE COUNCIL

COMMISSION FINDINGS

1. The Commission accepts this report on the performance of Renfrewshire Council's statutory duty to secure best value and to initiate and to facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. Renfrewshire Council has moved on from a historically volatile political culture to greater stability largely as a result of the commitment of the Council Leader and Chief Executive. Clear strategic direction is given by elected members and senior officers and the Council has a well integrated strategic planning framework and has established a robust framework of corporate values which govern the way it does business. There is a firm commitment to best value in the Council's stated objectives and priorities. There is a strong managerial culture within the Council and Council services are generally well managed and are customer focused.
3. The Council has a high level of self awareness and an understanding of what it needs to do better. The Commission recognises that the starting point for progress by the Council was a low performance base and there is still much to do to translate the Council's commitment into improved service delivery. We welcome the Council's improvement agenda as set out in the report and we wish to highlight a number of areas for particular attention:
 - Effective scrutiny by elected members is an important element of a best value Council and considerable improvement is required in this area. The Leadership Board has an opportunity to exercise effective scrutiny by using its call-in powers and acting in a non-partisan fashion. The Scrutiny Board has been effective in bringing about some improvement but the Commission considers it cannot achieve its full potential without commitment and engagement across the range of political parties.

- While Renfrewshire's Best Value reviews of services have delivered improvements the Council needs to demonstrate a broader approach to examining and appraising the options for services, including, where appropriate, the use of market testing, and considering whether it is best placed to deliver the services it currently provides.
 - The Council has approached management re-structuring as opportunities have arisen and it should consider a broader options appraisal approach to determining the most effective management structures. The arrival of a new Chief Executive may present a good opportunity for such consideration.
 - While performance indicators show an upward trend towards average performance some areas show poorer performance, such as home care services for elderly people and criminal justice services.
4. The Commission looks forward to receiving an improvement plan from the Council which responds to the audit report and to these findings.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 12 July 2006 at
10.30am.

PRESENT: I Low (in the Chair)
A Alexander
J Baillie
O Clarke
J Couper
A Faulds
K Geddes
A Leslie
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director of Audit Services
D Pia, Director of Performance Audit (Local Government)
W F Magee, Secretary
R W Black, Auditor General for Scotland (item 9)
R Nicol, Assistant Director of Performance Audit (items 8 to 10)
M Walker, Best Value Manager Performance Audit (item 8)
G Neill, Best Value Manager Performance Audit (item 9)
J Lincoln, Project Manager Performance Audit (item 11)
D McGiffen, Director of Corporate Services (item 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Chair
3.	Jean Couper
4.	Minutes
5.	Commission Targets 2006/7
6.	Deputy Auditor General
7.	Managing Director of Audit Services
8.	Best Value Audit of Western Isles Council
9.	Auditing Best Value in Police Authorities – Update on Pilot Work
10.	Developments in Performance Management and Reporting
11.	Inspection of the Administration of Housing Benefit and Council Tax Benefit from 2008
12.	Meeting with SOLACE
13.	Audit Scotland Financial and Performance Information

1. Apologies

Apologies for absence were intimated on behalf of Peter McKinlay and Alastair MacNish.

2. Chair

In the absence of Alastair MacNish, Isabelle Low occupied the chair.

3. Jean Couper

The Commission congratulated Jean Couper on her award of CBE in the recent Queen's Birthday Honours List.

4. Minutes

The minutes of meeting of 7 July 2006 were submitted and approved. Arising from the minutes the Commission noted the following –

- Discussions are continuing with the Commission's sponsor branch in the Scottish Executive concerning membership of the Commission
- The Best Value audit report of Renfrewshire Council was published on 6 July
- The consultation on the 2006 Performance Indicators Direction is under way
- The Commission's Annual Report was circulated to stakeholders at the end of June and copies were circulated to members. In discussion the Commission agreed that in the future the description of Commission members should give less prominence to their place of residence.

5. Commission Targets 2006/7

With reference to paragraph 11 of the minutes of meeting of 8 March 2006 detailing discussions at the Annual Strategy Seminar there was tabled a note of proposed targets for the Commission for 2006/7, rolling forward the targets for the previous year with appropriate adjustments. After discussion the Commission agreed to approve the targets as contained in Appendix 1 to these minutes, and to review these for 2007-8 with a view to making them SMARTer.

6. Deputy Auditor General

Caroline Gardner referred to a number of matters of current interest including the preparations being made to contribute to the Scottish Executive's Scrutiny Review.

7. Managing Director of Audit Services

Hugh Hall referred to a number of matters of current interest including the timely submission of all council accounts.

8. Best Value Audit of Western Isles Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Western Isles Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value team

answered questions from members. Thereafter the Commission agreed to make findings as contained in Appendix 2 to these minutes.

9. Auditing Best Value in Police Authorities – Update on Pilot Work

There was submitted a report by the Deputy Auditor General advising the Commission on progress with the pilot audit work carried out in a Police authority. The report referred to the Commission's previous consideration of the approach it might adopt to the audit of Best Value and Community Planning in Police authorities and its approval for pilot audit work which was intended to identify any issues which would limit the application of the council approach and provide a sample of audit reporting on Police authorities. The report went on to outline progress with the pilot audit, key audit results arising from the pilot work, potential limitations to the joint approach and wider issues to be considered, including –

- Lack of clear guidance on role of Boards
- Operational autonomy of the Chief Constable
- Continuing centralisation of Police structures
- Tripartite arrangements.

The Commission welcomed the Auditor General who was present for discussion of this item and he outlined the context for the development of the concept of Best Value in the wider public sector. Thereafter a number of points were made –

- The report was welcome and demonstrated the value of the pilot exercise
- There are questions about the operation of the tripartite arrangements for policing involving Boards, Chief Constables and the Scottish Ministers
- The report highlights the difference of approach between Best Value audit and inspection, and has wider lessons for Best Value roll-out.

Thereafter the Commission agreed –

- i. to note the progress on the pilot audit work in a Police authority;
- ii. to approve the conclusions and recommendations in the report designed to take the issues forward and provide a further report for consideration at the Commission's September meeting with options for future work that take account of the views of the Auditor General, Her Majesty's Inspector of Constabulary, COSLA and the Scottish Executive.

10. Developments in Performance Management and Reporting

There was submitted a report by the Director of Performance Audit (Local Government) providing the Commission with information about recent developments in performance management and reporting for local government in Scotland. The report gave details of the performance management project being led by the Scottish Executive which had featured in the Commission's previous consideration of proposals for the statutory Performance Indicators Direction 2006. The report also outlined the Scottish Executive's current approach to the development of public performance reporting by local authorities including a recent circular announcing that Ministers will not introduce further regulations pending the work of the Performance Management Project referred to above. The Commission reaffirmed its commitment to a policy-focused approach to key performance indicators and noted the report.

11. Inspection of the Administration of Housing Benefit and Council Tax Benefit from 2008

There was submitted a report by the Director of Performance Audit (Local Government) referring to previous consideration by the Commission of a proposal to assume responsibility for the inspection of local authorities arrangements for administering housing benefit and council tax benefit (HB/CTB) from the Benefit Fraud Inspectorate (BFI) from 2008. The report outlined the background to negotiations which had been carried out by Audit Scotland and described the move towards targeted and risk based inspections, inspection after 2008, links to other audit work and funding issues. After discussion the Commission agreed –

- i. to note the issues arising to date from discussions with the BFI and others concerning HB/CTB inspection activity in Scotland after 2008;
- ii. to endorse the proposal that the Accounts Commission assumes responsibility for the inspection of local authorities arrangements for administering HB/CTB from the BFI from 2008;
- iii. to encourage the consideration of funding options which did not involve direct funding of Audit Scotland by the Executive or the Scottish Parliament;
- iv. to express caution about an early announcement of the proposals pending resolution of funding discussions, and
- v. otherwise to authorise Audit Scotland to continue negotiations with the Department of Work and Pensions, the Scottish Executive, the BFI and councils on future arrangements.

12. Meeting with SOLACE

There was submitted and noted a note of meeting between representatives of the Commission and Audit Scotland and Society of Local Authority Chief Executives on 12 June 2006. Arising from discussion the Commission welcomed the proposal for an annual meeting with SOLACE to discuss issues of common interest.

13. Audit Scotland Financial and Performance Information

There was submitted a report by the Director of Corporate Services outlining financial and performance information by Audit Scotland in the 12 months to 31 March 2006. In discussion reference was made to the options for utilising the surplus generated by Audit Scotland in 2005/6 for the benefit of stakeholders, including staff development work and future fee levels.

Thereafter the Commission noted the report.

ACCOUNTS COMMISSION TARGETS FOR 2006-7

Strategic objective	Strategic goal	Target	Measured by
1. An effective independent financial audit and assurance programme	Accurate, clear and unambiguous reports for audited bodies and other stakeholders	1.1 A well-planned, well-delivered programme of reports on individual audited bodies	Delivery as against timetable, and stakeholder response whilst preserving independence
		1.2 Overview report highlights the strengths and weaknesses in internal controls and governance; and the material risks in comparison with previous years	Media coverage and stakeholder response
		1.3 Audit quality reviewed to secure best value, to include more time-efficient methods and approaches to work	Part of outcome of quality assurance review
2. The effective introduction of the Best Value audit programme	Successful first cycle and lessons learned for the future, both about the process and about real improvements in service delivery	2.1 Best value audit programme delivered on time	Performance reflects plan
		2.2 Stakeholders recognise accuracy and value of outputs	Stakeholder response
		2.3 Audits result in well-focused improvement plans likely to deliver progress	Assessment of improvement plans
		2.4 Lessons implemented for future audits	Mid-term review including external and stakeholder input

Strategic objective	Strategic goal	Target	Measured by
3. An effective performance audit programme	More joined up reporting with more direct impact	3.1 Improved publicity for outputs in current study programme	Media coverage and stakeholder response
		3.2 Impact of previous study programme assessed and lessons learned	Changes to date resulting from outputs in 2005-6 compared with plan
		3.3 Improvements in impact from future study programme	Improved scoring re criteria; and stakeholder response
4. The effective publication of performance information	Improved content, driving change and more accessible to the public	4.1 Improved performance overall	SPI data for 2005-06
		4.2 Improved and fairer publicity for outputs	Media coverage and stakeholder response
		4.3 Reduced burden on councils	Stakeholder response
		4.4 Improved accessibility for stakeholders	Stakeholder response
5. Good corporate governance of the Accounts Commission	Full compliance with best practice	5.1 Audit Scotland held to account for delivery	Commission scrutiny of quarterly performance information
		5.2 Members have performance assessed	Forward objectives and appraisals
		5.3 Improvement in cohesion and effectiveness	Annual review of corporate effectiveness

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE AUDIT OF WESTERN ISLES COUNCIL
COMMISSION FINDINGS

1. The Commission accepts this report on the performance of Comhairle nan Eilean Siar's statutory duty to secure Best Value and to initiate and to facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Comhairle's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. They acknowledge the co-operation and assistance given to the audit process by members and officers of the Comhairle.

2. The Best Value audit process seeks to review the performance of each council in its context, which means that there will always be particular circumstances which affect that council. In the case of Comhairle nan Eilean Siar the factors which distinguish its situation include –
 - Physical location and geography presenting major communication and transport challenges
 - Small dispersed population in rapid decline and with a markedly ageing profile
 - Economic growth significantly lower than the UK average with local people having low earnings
 - High reliance of the economy on the public sector as a source of employment
 - Historical disparity in infrastructure and development between different parts of the area.

The Western Isles also experiences the common difficulties faced by local authorities, often in more acute or extreme ways.

3. The Commission is concerned that the Comhairle is currently unable to demonstrate a commitment to continuous improvement which is built into its processes. Without this, the Comhairle will find it increasingly difficult to deliver effectively for its population. Particular areas of concern for us are –
 - The failure, in the period since the announcement of the ending of compulsory competitive tendering, to plan for and to introduce Best Value processes
 - The absence of robust performance management arrangements
 - Where available, performance information gives, at best, a mixed picture of service delivery
 - A lack of policy-led budgeting
 - A lack of corporate management and co-ordination in procurement, human resources, ICT and asset management
 - Concentration by members on detailed management issues leaving less time for development and delivery of strategic objectives
 - Decision making processes which, in some circumstances, give an effective veto to individual councillors, so making strategic policy initiatives such as school closures impossible to implement.

- A very poor working relationship with the health board which we view with particular concern given the importance to the islands of public sector investment, and so the good governance of public sector bodies. The relationship needs to be improved very urgently
4. But the Commission recognises that the Comhairle also has a number of advantages and strengths on which it can build–
- Strong foundations in and engagement with its local communities
 - A good level of self awareness
 - Leadership by active and committed elected members
 - An ambitious vision for the Western Isles, although it is not clear that credible mechanisms are in place for its effective and efficient delivery
 - Significant amounts of debate in an open environment
 - Staff who have a clear stake in their communities
 - Effective financial stewardship and a strategic approach to capital planning.
5. While recognising the distinctive situation of the Western Isles we must emphasise that the Comhairle has a duty to make arrangements which secure Best Value and to lead the Community Planning process among public and community bodies, and the council needs to adopt a more focused approach before it can be said to be fully discharging those duties. The pace of change within the Comhairle must increase and it needs to demonstrate a more effective and systematic approach to continuous improvement if it is to be able to cope with the challenges ahead. We are encouraged by the fact that the Comhairle has commissioned its new Chief Executive to undertake a root and branch review of how the authority operates, but we would like to have seen a firm timetable for its completion. If the Comhairle is to demonstrate that it is fulfilling its duties on Best Value and Community Planning, the improvement agenda set in part 4 of the report must be actively pursued with a clear timetable and specific “milestones”. We therefore look forward to receiving from the Comhairle an Improvement Plan which is specific as to resources, responsibilities and timescales to deliver this important agenda.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 9 August 2006 at
10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
A Faulds
K Geddes
I Low
M Raj

IN ATTENDANCE: D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit
A McCubbin, Communications Officer
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Best Value Audit of East Ayrshire Council

1. Apologies

Apologies for absence were intimated on behalf of Jean Couper, Alyson Leslie, Peter McKinlay and Iain Robertson.

2. Best Value Audit of East Ayrshire Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of East Ayrshire Council. The Controller of Audit's report was made to the Commission under section 102(1)(c). Members of the Best Value team answered questions from members. Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 20 September 2006
at 10.30am.

PRESENT: A MacNish (in the Chair)
A Alexander
J Couper
A Faulds
K Geddes
A Leslie
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
W F Magee, Secretary
R Nicol, Assistant Director of Performance Audit (item 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Membership
4.	Ministerial Visit
5.	COSLA
6.	Senior Management in Audit Scotland
7.	Deputy Auditor General
8.	Financial Audit and Assurance Committee
9.	Best Value audit of Renfrewshire Council
10.	Efficient Government Review 2005-6
11.	Review of Regulation, Audit, Inspection and Complaints Handling
12.	Priorities and Risks Framework 2006/7
13.	Performance Information Direction 2006 – Consultation on Police SPIs
14.	Freedom of Information
15.	Valedictory

1. Apologies

Apologies for absence were intimated on behalf of John Baillie, Owen Clarke and Isabelle Low.

2. Minutes

The minutes of meetings of 12 July and 9 August 2006 were submitted and approved.

3. Membership

The Commission noted that formal advice of the Minister's decision on membership of the Commission is awaited.

4. Ministerial Visit

The Chair advised the Commission that Tom McCabe MSP, Minister for Finance and Public Service Reform intends to visit the Commission for an informal discussion at its meeting on 8 November.

5. COSLA

The Chair advised the Commission of recent discussions with the President and Chief Executive of COSLA on the progress of the Best Value audit programme and the conduct of the proposed review of the audit process. A particular point arising from the discussion is the apparent need to achieve better understanding amongst local authorities of the role of the Commission itself.

6. Senior Management in Audit Scotland

The Chair congratulated Hugh Hall on his recent appointment to the position of Director of Finance in Scottish Enterprise. He advised the Commission of the proposed realignment of senior management in Audit Scotland consequent upon Hugh's departure.

7. Deputy Auditor General

Caroline Gardner referred to a number of matters of current interest including the likely involvement of the Audit Committee of the Scottish Parliament in discussions with East Ayrshire Council prompted by the recent Best Value audit report there.

8. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 14 July 2006 were submitted and noted and the recommendations contained therein were approved.

9. Best Value Audit of Renfrewshire Council

There was submitted a note of a meeting between Commission representatives and the representatives of Renfrewshire Council which took place on 31 August 2006 as a follow-up to the Best Value audit report and findings on that Council. The Council's Best Value Improvement Plan was also circulated.

The Commission agreed –

- i. to note the terms of the discussion with the Council's representatives;
- ii. to note the Best Value Improvement Plan of the Council, and
- iii. to indicate that the next Best Value audit report of Renfrewshire Council should be submitted as part of the normal cycle of Best Value audits.

10. Efficient Government Review 2005-6

There was submitted a report by the Managing Director of Audit Services providing a progress update on the work being carried out in Audit Scotland as part of the ongoing review of the Efficient Government Initiative. The report also outlined plans for reporting the findings of this work. In discussion it was emphasised that reporting on issues relating to the performance of local government would be a matter for the Commission. Thereafter the Commission noted the report.

11. Review of Regulation, Audit, Inspection and Complaints Handling

There was submitted a report by the Deputy Auditor General giving the Commission an update on the independent review of regulation, audit, inspection and complaints handling of public services in Scotland announced by the Scottish Executive on 7 June 2006. The report described the process which the review would follow and outlined Audit Scotland's current and proposed engagement. The Commission agreed –

- i. to note the report, and
- ii. to request Audit Scotland to prepare a draft submission to the review on behalf of the Commission.

12. Priorities and Risks Framework 2006/7

There was submitted a report by the Director of Performance Audit (Local Government) and the Director of Audit Services (Local Government) on progress in preparing the Local Government Priorities and Risks Framework for 2006/7. A copy of the draft Priorities and Risks Framework document accompanied the report. In discussion of the report a number of points were made –

- When considering operational risks and risk areas it is important to review the way in which the stated objectives of councils relate to one another and are achievable
- Capacity issues are not confined to senior management alone
- It is important to set out clearly at the beginning of the introduction to the document the overall purpose of its preparation

Thereafter the Commission welcomed the Priorities and Risks Framework document as a significant contribution to the audit process for 2006/7.

13. Performance Information Direction 2006 – Consultation on Police SPIs

There was submitted a report by the Director of Performance Audit (Local Government) referring to the Commission's decision to propose no changes to indicators for council services or fire and rescue services in preparation for the 2006 Direction and to await proposals on SPIs for the Police Service. The report outlined

discussions with the Police Performance Senior Strategic Steering Group (SSSG) and proposed that the Commission consult about possible changes to two of the existing SPIs for the Police Service for 2007/8. A draft consultation paper accompanied the report. After discussion the Commission agreed to consult on proposals for changes to the Police SPIs as set out in the report.

14. Freedom of Information Request

There was submitted a report by the Secretary on a request for information under the Freedom of Information legislation, relating to the Commission's consideration of the Best Value audit report on Comhairle nan Eilean Siar. The report detailed the request and outlined the process for its consideration within Audit Scotland. A copy of the request and associated correspondence accompanied the report. After consideration the Commission agreed –

- i. that the formal report by the Secretary and the formal minute of the Commission meeting relating to the Best Value report on that Council be released, and
- ii. that other information concerning the Commission's consideration of the Best Value audit report be withheld because it is exempt under section 30 of the Freedom of Information (Scotland) Act 2002 which relates to prejudice to the effective conduct of public affairs.

15. Study Sponsors and Best Value Link Members

The Commission reviewed the allocation of members as study sponsors and as link members for individual Best Value audits and agreed some revisions and additions.

16. Valedictory

As this was the last meeting of the Commission to be attended by Peter McKinlay whose term of office expires on 30 September 2006 the Chair referred to Peter's distinguished service as a member of the Commission, thanked him for his contribution and wished him well for the future on the Commission's behalf.

The Chair also referred to the service of Hugh Hall as Managing Director in Audit Services, congratulated him on his recent appointment to Scottish Enterprise and thanked him for his contribution to the Commission's work.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 11 October 2006 at
10.30am.

PRESENT: A MacNish (in the Chair)
J Baillie
O Clarke
J Couper
A Faulds
K Geddes
A Leslie
I Low
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
F Kordiak, Assistant Director of Audit Services (Local Government)
A McCubbin, Communications Officer
W F Magee, Secretary
N Bridle, Assistant Director of Public Reporting (items 7 and 8)
L McGiffen, Best Value Performance Manager (item 7)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Membership
4.	Chairman's Introduction
5.	Progress Update
6.	Performance Audit Committee
7.	Best Value Audit of West Dunbartonshire Council
8.	Review of Audit of Best Value and Community Planning
9.	Audit Charges 2006/7 Audits
10.	Meetings in 2007

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander and Mahendra Raj.

2. Minutes

The minutes of meeting of 20 September 2006 were submitted and approved.

3. Membership

The Secretary advised the Commission that letters of appointment had been issued on behalf of Scottish Ministers for the re-appointment of members as follows –

Isabelle Low – Deputy Chair – until 30 September 2009
Ann Faulds – member – until 30 September 2009
Owen Clarke – member – until 30 September 2009
John Baillie – member – until 30 September 2010
Alyson Leslie – member – until 30 September 2010
Iain Robertson – member – until 30 September 2010

The Commission noted the terms of the re-appointments and congratulated the members concerned.

4. Chairman's Introduction

The Chairman referred to a number of matters of current interest including his contribution to the forthcoming conference of the Institute of Internal Auditors.

5. Progress Update

Fiona Kordiak advised the Commission of the completion by the due date of all the audit certificates for councils and on progress in the completion of the final audit reports in respect of them.

David Pia advised the Commission of progress in developing the reporting mechanisms on the Efficient Government Initiative.

6. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 27 September 2006 were submitted and noted and the recommendations contained therein were approved.

7. Best Value Audit of West Dunbartonshire Council

There were submitted –

- Report by the Secretary introducing the Controller of Audit's report on the Best Value audit of West Dunbartonshire Council
- The Controller of Audit's report to the Commission under section 102 of the Local Government (Scotland) Act 1973 on the Best Value audit of West Dunbartonshire Council
- Letters of 6 and 11 October from the Chief Executive of West Dunbartonshire Council

- Letter of 10 October from Councillor Craig McLaughlin of West Dunbartonshire Council.

Bill Magee advised the Commission of events surrounding the issue of the Controller of Audit's report, including comment in the media. Caroline Gardner and members of the Best Value audit team answered questions by the Commission. Thereafter the Commission, in the light of all the circumstances of this case and of the representations received, agreed to hold a hearing in respect of the Controller of Audit's report under section 103 of the 1973 Act. It was remitted to the Chair and the Secretary to make the necessary arrangements for the hearing to take place.

8. Review of Audit of Best Value and Community Planning

There was submitted a report by Caroline Gardner referring to the Commission's decision to undertake a review of the progress of the Best Value audits and setting out proposals for the conduct of that review. It was proposed that there should be three phases to the review –

- A public consultation paper
- A report commissioned from an independent source
- Commission meetings with council leaders and chief executives to discuss proposals prior to decisions which would apply to the next round of Best Value audits.

In discussion a number of points were made –

- The proposed consultation paper should attempt to pose specific questions for answer by respondents
- Key points which have emerged from discussions with councils at the conclusion of their Best Value audits should be included in the consultation paper, including matters relating to the input to the audit by peers and consumers of services, the perceived gap between the audit reports and the Commission's findings and whether or not scoring mechanisms should be used
- Consideration should be given to demonstrating the impact of the audits where possible
- In addition to meeting representatives of councils, Commission members should meet other principal stakeholders.

Thereafter the Commission agreed, subject to the above comments, to approve the proposals contained in the report for the conduct of the review of Best Value audits.

9. Audit Charges 2006/7 Audits

There was submitted a report by the Director of Audit Strategy setting out proposed audit charges for the 2006/7 audits. The report outlined the principal assumptions used in the construction of the outline budget for Audit Scotland for the financial year 2007/8, proposed audit charges for 2006/7 audits and the effect on charges to individual audited bodies. The Commission agreed to approve the proposals for charges as set out in the report.

10. Meetings in 2007

There was submitted a report by the Secretary on a proposed schedule of meetings for the Commission and its committees in 2007. In discussion a number of points were made –

- It will be possible to hold the Strategy Seminar in Spring 2007 during the period preceding the Elections
- In planning for future years there is no longer any need to avoid arranging meetings in August.

The report proposed that provisional dates for meetings be fixed, given the uncertainty of the programme of reporting at this stage, on the understanding that not all the meetings will be required and can be cancelled as appropriate.

Thereafter the following programme of provisional dates for meetings of the Commission and its committees for 2007 was agreed –

January	17	Commission meeting
	24	Commission meeting
February	14	Commission meeting
	21	Performance Audit Committee
March	14	Commission meeting
	28	Financial Audit and Assurance Committee
April	11	Commission meeting
	18	Performance Audit Committee
May	9	Commission meeting
	16	Commission meeting
June	6	Financial Audit and Assurance Committee
	13	Commission meeting
	20	Performance Audit Committee
July	4	Commission meeting
	25	Performance Audit Committee
September	5	Performance Audit Committee
	12	Commission meeting
	26	Commission meeting
October	10	Commission meeting
November	7	Financial Audit and Assurance Committee
	14	Commission meeting
	28	Commission meeting
December	5	Performance Audit Committee
	12	Commission meeting

Minutes of the meeting of the Accounts Commission held in the Offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 8 November 2006 at 10.30 am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
J Couper
I Low
M Raj
I Robertson

IN ATTENDANCE: D Pia, Director of Public Reporting (Local Government)
W F Magee, Secretary
R Nicol, Assistant Director of Public Reporting (items 6 and 7)
R Frith, Director of Audit Strategy (item 8)
G Smail, Senior Manager, Public Reporting (item 9)
D McGiffen, Director of Corporate Services (items 10 and 11)
G Jordan, Project Manager, Public Reporting (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Best Value Audit of West Dunbartonshire Council
4.	Chairman's Introduction
5.	Progress Update
6.	The Audit of Police Services
7.	Local Government Act 1992 – Publication of Performance Information Direction 2006
8.	Revised Code of Audit Practice
9.	Independent Review of Audit, Inspection and Complaints Handling of Public Services in Scotland
10.	Efficient Government – VFM Indicators for Corporate Services
11.	Accounts Commission Disability Equality Scheme
12.	Audit Scotland Financial and Performance Information

1. Apologies

Apologies for absence were intimated on behalf of Keith Geddes, Alison Leslie and Caroline Gardner.

2. Minutes

The minutes of meeting of 11 October 2006 were submitted and approved.

3. Best Value Audit of West Dunbartonshire Council

Arising from paragraph 7 of the minutes of meeting of 11 October 2006 the Secretary advised that a hearing on the Best Value Audit Report of West Dunbartonshire Council will be held in Clydebank on 29 and 30 November 2006. The Chair has nominated himself, John Baillie, Jean Couper, Keith Geddes and Ian Robertson to be the members to conduct the hearing.

4. Chairman's Introduction

The Chairman referred to a number of matters of current interest including:

- His contribution to the conference of the Institute of Internal Auditors
- Arrangements for interviews for the selection of a member of the Commission.

5. Progress Update

David Pia advised the Commission of a number of matters of current interest including:

- The forthcoming appearance by Audit Scotland at the Scottish Parliament's Local Government and Transport Committee to give evidence on Common Good Funds in Scottish Local Authorities
- A recent article in Holyrood Magazine on the Best Value Audit and a reply which will be published on behalf of Audit Scotland.

6. The Audit of Police Services

There was submitted a report by David Pia on the Commission's responsibilities for the audit of police services in Scotland. A draft discussion paper covering accountability and governance issues and a "mock-up" audit report on Best Value and Community Planning for a Police Authority accompanied the report.

Jean Couper declared an interest in this item in respect of her membership of the Police Advisory Board for Scotland.

The report referred to the Commission's previous consideration of progress on pilot work to examine the application of the best value audit to a local police authority and covered the following issues:

- Background
- The "mock-up" audit report
- Wider issues on governance and accountability
- Future audit arrangements for police services.

In discussion a number of points were made:

- The present tri-partite arrangements for the provision of police services present real difficulties in pursuing the best value audit in police authorities
- Any arrangements which are made for the Best Value Audit must preserve the independence of the Commission
- Although the principles of Best Value apply in all public bodies, reports on police services will have different characteristics
- It will be important to consider the differences which are likely to emerge where Council boundaries and police authority boundaries are coterminous
- There are real issues about the role played by ACPOS
- Some of the issues covered in the report will be relevant to the Crearer Inquiry on Scrutiny arrangements generally
- The report would benefit from further references to the comparison with police authorities in England.

The Commission agreed:

- To welcome the report and accompanying papers which set out the arguments clearly
- To note the sample audit report for a fictitious police authority
- To seek an early meeting with interested parties, in conjunction with the Auditor General for Scotland, to explore the issues raised in the report.

7. Local Government Act 1992 – Publication of Performance Information Direction 2006

There was submitted a report by David Pia setting out the responses to the Commission's consultation paper on proposals for the 2006 Performance Information Direction. A draft 2006 Direction accompanied the report. The Commission considered the responses to the draft consultation report and noted that its proposal that no changes will be made to the SPI's for Council and Fire and Rescue Services was accepted by consultees. Proposed changes to the police service SPI's were accepted by all concerned. The Commission approved the 2006 Performance Information Direction as set out in Annex 2 to the report.

8. Revised Code of Audit Practice

There was submitted a report by Russell Frith introducing a draft of a revised Code of Audit Practice. The report advised that the Code of Audit Practice was issued in 2001 covering the remits of both the Auditor General and the Accounts Commission. Since that time there have been a number of developments including the introduction of a statutory duty of best value in local government, the modernised audit and the transfer of resources of appointed auditors to central Audit Scotland teams. Auditing standards have also changed to international auditing standards and auditing standards have been centralised under the remit of the Auditing Practices Board. Reference was made to the position of the Audit Commission, Wales Audit Office and the Northern Ireland Audit Office.

In discussion of the report a number of amendments to the text of the draft Code of Audit Practice were suggested. Thereafter the Commission approved the draft code for consultation with firms, audited bodies and other stakeholders with a view to the code being brought to both the Commission and the Auditor General for approval early in 2007.

9. Independent Review of Audit, Inspection and Complaints Handling of Public Services in Scotland

There was submitted a report by the Deputy Auditor General giving the Commission an update on the work of the Crerer Review of Scrutiny of the Public Sector in Scotland. Appended to the report were the questions set out by the review team as part of the consultation stage of the review. In discussion, a number of points were made:

- It is important to seek consistency in scrutiny arrangements, not necessarily uniformity
- It is important to be positive about the role of scrutiny in improving performance
- The principles of the public audit model should be emphasised – transparency, accountability, improvement
- Independence is one of the key elements of the public audit model, differentiating it from other inspection regimes
- An approach to responding to the consultation would be to set out the Commission's position in an introduction, followed by responses to the Scrutiny Review Team's questions.

The Commission agreed to request Audit Scotland to prepare a draft Submission on its behalf for consideration at its next meeting.

10. Efficient Government – VFM Indicators for Corporate Services

There was submitted a report by the Deputy Auditor General providing information on the progress of a joint audit agency project to develop value for money indicators and benchmarking for core business functions in public sector organisations. The report set out the background to this work, progress which has been made and the next steps in taking it forward. In discussion a number of suggested amendments to the proposed VFM indicators were discussed. Thereafter the Commission welcomed the report and agreed to note the progress of the joint audit agency project.

11. Accounts Commission Disability Equality Scheme

There was submitted a report by Diane McGiffen giving Commission members an overview of how Audit Scotland has approached the implementation of the Disability Equality Duty. There is a requirement to develop a Disability Equality Scheme for Audit Scotland and for the Accounts Commission by 4 December 2006. The report set out a framework for a Disability Equality Scheme and described the involvement of stakeholders in the process. The Commission agreed:

- To note the report on the approach taken to implement the Disability Equality Duty
- To remit approval of the Accounts Commissions' Disability Equality Scheme to the Chair in consultation with the Director of Corporate Services in view of the need to have the scheme in place before the next meeting of the Commission.

12. Audit Scotland Financial and Performance Information

There was submitted a report by Diane McGiffen setting out financial and performance information for Audit Scotland to 30 September 2006. In discussion it was noted that future developments of the Accounts Commissions' own objectives and targets will impact on the presentation of this information. Thereafter the Commission agreed to note the report.

Minutes of the meeting of the Accounts Commission held Clydebank Town Hall , Clydebank on Wednesday 29 and Thursday 30 November 2006.

PRESENT: A MacNish (Chair)
 J Baillie
 J Couper
 K Geddes
 I Robertson

IN ATTENDANCE: W F Magee, Secretary

1. Best Value Audit of West Dunbartonshire Council

With reference to paragraph 7 of the minutes of meeting of 11 October 2006 the Commission held a hearing under section 103 of the Local Government (Scotland) Act 1973 in respect of the Controller of Audit's report on the audit of Best Value and Community Planning in West Dunbartonshire Council. The following persons gave evidence to the hearing –

Caroline Gardner, Controller of Audit
Nikki Bridle, Assistant Director, Audit Scotland
Lesley McGiffen, Best Value Manager, Audit Scotland
David Pia, Director, Audit Scotland
Councillor Andrew White, Leader of West Dunbartonshire Council
David McMillan, Chief Executive of West Dunbartonshire Council
Tim Huntingford, ex Chief Executive of West Dunbartonshire Council
Jackie Baillie MSP
Mike O'Donnell, Community Planning Partnership Manager
John McFall MP
Councillor Jim Bollan
Councillor Jeff Calvert
Councillor Dennis Brogan
Councillor Jim McCallum
Charlie McDonald, TGWU
Duncan Boreland, GMB
Tom Morrison, Unison
Archie Thomson, MBE
George McFarlane, Rosshead Tenants and Residents Association
Nancy Garvie, Rosshead Tenants and Residents Association
Rose Harvie, Silverton and Overtoun Community Council

At the conclusion of the evidence the hearing was adjourned.

Minutes of the meeting of the Accounts
Commission held in the Millennium
Hotel, Glasgow on Wednesday 5
December 2006 at 2pm.

PRESENT: A MacNish (Chair)
 J Baillie
 J Couper
 K Geddes
 I Robertson

IN ATTENDANCE: W F Magee, Secretary

1. Best Value Audit of West Dunbartonshire Council

The Commission resumed consideration of the Controller of Audit's report on the Best Value and Community Planning audit of West Dunbartonshire Council and took into consideration the evidence of the hearing held on 29 and 30 November 2006. Following considerable discussion the Commission agreed to continue consideration of the matter.

Minutes of the meeting of the Accounts Commission in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 13 December 2006 at 9am.

PRESENT: A MacNish (Chair)
 J Baillie
 K Geddes
 I Robertson

IN ATTENDANCE: W F Magee, Secretary

1. Apologies

Apologies for absence were intimated on behalf of Jean Couper.

2. Best Value Audit of West Dunbartonshire Council

The Commission resumed consideration of the Controller of Audit's report on the audit of Best Value and Community Planning in West Dunbartonshire Council together with the evidence of the hearing held on 29 and 30 November 2006. After considerable discussion the Commission agreed to make the findings attached as an Appendix to these minutes.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE AUDIT OF WEST DUNBARTONSHIRE COUNCIL
FINDINGS

Introduction

1. The Controller of Audit made a report on the audit of Best Value and Community Planning in West Dunbartonshire on 3 October 2006. The report was made to the Accounts Commission for Scotland under s.102 (1) (c) of the Local Government (Scotland) Act 1973.
2. On 11 October 2006 the Accounts Commission considered the report together with letters from the Chief Executive of the Council dated 6 and 11 October and a letter from Councillor Craig McLaughlin dated 10 October. In the light of all the circumstances of the case and representations received the Commission decided to hold a hearing.

Hearing

3. The hearing was held on 29 and 30 November in Clydebank. We heard evidence from:
 - Audit Scotland
 - The Council Leader, the Chief Executive and the former Chief Executive.
 - Councillor Craig McLaughlin
 - Jackie Baillie MSP
 - Mike O'Donnell, Community Planning Partnership Manager
 - John McFall MP
 - Councillor Jim Bollan
 - Councillor Geoff Calvert
 - Councillor Dennis Brogan
 - Councillor Jim McCallum
 - GMB, TGWU and UNISON Trade Unions
 - Archie Thomson MBE
 - Rosshead Tenants and Residents Association
 - Silverton and Overtoun Community Council.
4. The Commission received requests from a number of other individuals to be heard but we declined them as we took the view that the witnesses listed above were best placed to assist us in considering the Controller of Audit's report. We also received a number of requests to give evidence in private. The reasons given for these requests were that individuals would be identified if they gave evidence in public and they feared reprisals if that were so. After careful consideration we declined to hear evidence in private. We were asked to take evidence under oath. We decided not to do so as a generality, reserving the right to do so in the case of any individual witness where we thought it appropriate. In the event we did not administer the oath to any witness. A transcript of the hearing is available on Audit Scotland's website at www.audit-scotland.gov.uk.

5. We recognise that, as it states, the Controller of Audit's report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutinising bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. Our findings do not attempt to confirm or refute all the points covered in the report.

Process

6. We base these findings on:
 - The Controller of Audit's report
 - The written submission sent by the Council's Chief Executive in advance of the hearing.
 - The evidence given at the hearing.
 - The documents referred to in evidence at the hearing.
7. The Council in its submission and some of its evidence challenged the report on the grounds that it was inaccurate, lacked balance and was unduly negative in tone. In the light of the evidence to the hearing we disagree with this general criticism of the report and we find that it gives a fair overall impression of how the Council operates.
8. The Council made a number of criticisms of the way in which Audit Scotland carried out and reported on the audit. Some of those criticisms are appropriate for inclusion in our current review of the Best Value audit process. In our view, however, the audit was carried out in accordance with the principles which we consulted upon and agreed at the beginning of the Best Value audit programme, and the Council was generally treated in the same way as other councils have been.

Background

9. West Dunbartonshire Council faces many difficulties. Its area is ranked fourth in the Scottish Index of Multiple Deprivation. It has the second lowest male life expectancy figures in Scotland and there are other poor health indicators. The area also faces significant economic problems. In the face of these difficulties the Council has achievements to its name, and there are several examples of effective service delivery in areas such as education and social work. There are, however, some areas of housing and technical services that are amongst the worst performing across Scottish councils. Overall, service delivery is in the middle area of performance, an assessment which the Council accepts. This should not be taken as criticism of the many staff of the Council who work hard to deliver services to the community.

Findings

10. The Commission finds that decision making at the highest levels in the Council is not as open and transparent as it should be. For example, important decisions have been taken without full option appraisal and as a consequence the rationale for some decisions is unclear, such as the decisions on the allocation of the schools improvement fund. There are significant deficiencies in corporate decision making at both member and officer level, which call into question the process and basis for some decisions.
11. There are serious problems of staff morale. We heard allegations of a culture of bullying and harassment from, among others, councillors and Trade Union representatives. We did not investigate individual allegations and therefore we make

no findings on these individual allegations. We are concerned about the assertion that individuals were afraid to give evidence in public for fear of reprisals. This issue of a culture of bullying and harassment, whether real or perceived, must be addressed immediately.

12. We had conflicting evidence on Community Planning. Criticisms were made of the Council's dealings with some areas of its community. On the other hand there was evidence of some effective working with community planning partners. The position in West Dunbartonshire appears to be at no great variance from that of several other councils in Scotland.
13. The scrutiny regime in the Council is inadequate and there is scope for significant improvement. The operation of the arrangements for scrutiny must be reviewed, particularly as all groups of councillors need to be engaged in scrutiny. The improvements must include appropriate training for all councillors to enable them to play their role to the full.
14. There is a lack of effective leadership from senior elected members and officers, and there are poor relationships among elected members and between members and officers.
15. The Commission finds that the Council is not currently in a position to deliver Best Value. We welcome the preparation by the Council of a draft improvement plan. We also welcome the Council's recognition that this draft plan needs to be supported by a detailed action plan with specific, timetabled outcomes, and allocation of responsibilities and resources. The Commission, however, does not have confidence that the Council has the corporate capacity to deliver the planned improvements in an acceptable timescale. The Council must recognise the deficiencies described in the Controller of Audit's report and highlighted in these findings, and accept the need for effective leadership and for external assistance.

Recommendations

16. The Commission therefore recommends to the Council that it takes immediate action to –
 - i. Review the following decisions in the light of Best Value guidance on corporate decision making –
 - Allocation of schools improvement fund
 - Partial housing stock transfer
 - Closure of facilities in Renton.
 - ii. Prepare and formally adopt an improvement plan to address these findings. That plan must provide for the following –

Immediate priorities

- Establish arrangements and working practices which demonstrate openness and accountability in strategic decision-making processes
- Develop and implement medium to longer term strategies to ensure effective management of resources, including financial planning and workforce planning. These arrangements should also be integrated with the service planning process

- Ensure robust and effective scrutiny arrangements, including the involvement of opposition elected members, covering the council's decision-making processes as well as service performance, are put in place
- Develop a culture to support best value and continuous improvement across the organisation
- Review political and managerial structures to ensure that they operate effectively and are complementary
- Provide elected members with support and training to discharge their functions
- Agree and adopt formally an up to date community plan. Continue to drive the community planning partnership with a focus on defined outcomes
- Establish robust action plans for all areas of poor performance identified within the best value report and housing services in particular
- Refine and embed the new performance management framework, improve traffic light reporting to better support scrutiny, resource allocation and public performance reporting
- Establish robust arrangements from which the council is able to demonstrate the competitiveness of its services
- Develop and embed a risk management culture across the council.

Medium term priorities

- Ensure robust review and option appraisal is undertaken on all services
 - Implement a leadership and management development programme
 - Review community engagement activity for efficiency and effectiveness.
- iii. Allocate sufficient resources to implement the actions in the plan.
- iv. Engage external assistance to deliver the necessary improvements.

Further report

17. We require the Controller of Audit to make a further formal report on the Council's progress in implementing its statutory Best Value duty as at 31 July 2007.

14 December 2006

Minutes of the meeting of the Accounts
Commission held in the Offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday 13 December 2006 at
10.30 am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
A Faulds
K Geddes
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
F Kordiak, Acting Director of Audit Services (Local Government)
G Neill, Best Value Manager (item 11)
A Clarke, Assistant Director of Public Reporting (item 14)
R Frith, Director of Audit Strategy (item 15)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Disability Equality Scheme
4.	Audit of Police Services
5.	Best Value Audit of West Dunbartonshire Council
6.	Chair's Introduction
7.	Deputy Auditor General
8.	Financial Audit and Assurance Committee
9.	Performance Audit Committee
10.	Proposed Study Programme for Audit Scotland 2007/8
11.	Shetland Islands Council Best Value Follow-up Report
12.	Best Value Audit of Comhairle nan Eilean Siar
13.	Best Value Audit of East Ayrshire Council
14.	Independent Review of Regulation, Audit, Inspection and Complaint Handling
15.	Audit Charges 2006/7 Audits – Revised Position

1. Apologies

Apologies for absence were intimated on behalf of Jean Couper. The Commission members agreed to send her their best wishes for a speedy recovery from her recent accident.

2. Minutes

The minutes of meeting of 8 November 2006 were submitted and approved subject to the reference to Holyrood Magazine being altered to Public Finance Magazine.

3. Disability Equality Scheme

With reference to paragraph 11 of the minutes of meeting of 8 November 2006 the Commission noted that the Disability Equality Scheme 2006/2009 for the Commission was approved by the Chair in consultation with the Director of Corporate Services so that it came into effect by the required date of 4 December 2006. Copies of the scheme were available to Commission members.

4. Audit of Police Services

Arising from paragraph 6 of the minutes of meeting of 8 November 2006 the Commission was advised that further discussions will be held between the Auditor General and the Chair of the Commission to progress the agreed actions in relation to the Best Value audit of police services. The Commission noted the position.

5. Best Value Audit of West Dunbartonshire Council

The Chair referred to the recent hearing held in respect of the Best Value audit report on West Dunbartonshire Council and thanked the Commission members involved and the officers of Audit Scotland for their support and assistance during the process.

6. Chair's Introduction

The Chair referred to a number of matters of current interest including –

- Progress in the selection process for membership of the Commission
- The visit to the Accounts Commission by Mr Tom McCabe MSP, Minister of Finance and Public Service Reform which will take place at the Commission's next meeting on 17 January 2007.

7. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including –

- Evidence given by Audit Scotland to the Scottish Parliament's Local Government and Transport Committee on Common Good funds in Scottish local authorities
- The imminent publication of a report by the Auditor General on the Efficient Government Initiative which will make reference to local authorities.

8. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 24 November 2006 were submitted. Particular reference was made to –

- Late completion of annual audit reports by PricewaterhouseCoopers
- The completion of the quality appraisal programme on the 2004/5 audits and plans for the programme on the 2005/6 audits
- Concerns about the implementation of the Charities Accounts (Scotland) Act 2006.

After discussion the Commission noted the minutes and approved the recommendations contained therein.

Ann Faulds declared an interest in this item of business in respect of TIE, Edinburgh's transport company.

9. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 6 December 2006 were submitted. Subject to further discussion on the proposed study programme for Audit Scotland 2007/8 the Commission noted the minutes and approved the recommendations contained therein.

10. Proposed Study Programme for Audit Scotland 2007/8

There was submitted a report by the Director of Public Reporting (Local Government) inviting the Commission to consider and approve proposals for the Commission's national studies programme for the period through to the end of 2008. The report referred to previous consideration of a list of possible studies which were included in the consultation paper issued earlier in the year. The proposals for the work programme were summarised in appendices to the report and reference was made to discussion of the programme by the Performance Audit Committee at its meeting on 6 December 2006.

After discussion the Commission agreed –

- i. to accept the overall shape of the Audit Scotland programme as proposed in the report;
- ii. to progress the following studies specifically for local government
 - Asset Management
 - Community Planning follow-up
 - Leisure services
- iii. to note a number of other proposals made during discussion of the report at the Performance Audit Committee and the Commission meetings for consideration in future programmes, and
- iv. to include the development of the study programme in future as a subject for consideration at the Commission's next Strategy Seminar.

11. Shetland Islands Council Best Value Follow-up Report

There was submitted a report by the Secretary introducing the Controller of Audit's progress report on the Best Value audit of Shetland Islands Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions from members. Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

12. Best Value Audit of Comhairle nan Eilean Siar

There was submitted a note of meeting between Commission representatives and representatives of Comhairle nan Eilean Siar held on 14 November 2006 as a follow-up to the Best Value audit of the Comhairle. A copy of the Comhairle's Improvement Plan accompanied the note. After discussion the Commission agreed –

- i. to note the report of the meeting with the Comhairle;
- ii. to note the Improvement Plan as submitted, and
- iii. to request that progress against the Improvement Plan be measured as part of the annual external audit process.

13. Best Value Audit of East Ayrshire Council

There was submitted a note of meeting between Commission representatives and representatives of East Ayrshire Council as a follow-up to the Best Value audit of that Council which took place on 15 November 2006. An outline of the Council's proposed approach to the Improvement Agenda accompanied the note. After discussion the Commission agreed –

- i. to note the report of the meeting with the Council;
- ii. to note the approach to the Improvement Agenda as submitted, and
- iii. to request that progress against the outline and proposed Improvement Plan be monitored as part of the normal external audit process.

14. Independent Review of Regulation, Audit, Inspection and Complaint Handling

With reference to paragraph 9 of the minutes of meeting of 8 November 2006 there was submitted a report by the Deputy Auditor General introducing a draft response on the Commission's behalf to the Crerar Review of Scrutiny in Public Services. In discussion of the draft response a number of points were made –

- The introduction to the response should focus on a small number of salient points, including thematic work in co-operation with the Auditor General and others, and the great advantages of the Best Value model as an example of holistic, risk based and proportionate scrutiny
- The response should clearly promote the specific role of the Accounts Commission
- There should be an indication of the Commission's future strategy and direction
- There is a potential for confusion in the readers' mind about the roles of the Commission and Audit Scotland and this should be clarified

- There should be further references to the modernised audit process and the seamless audit project.

Thereafter the Commission agreed –

- i. that members should submit detailed drafting points direct to Antony Clark;
- ii. that a redraft of the response, particularly the Introduction and taking account of the above points, be prepared by Audit Scotland and circulated to Commission members as soon as possible for an early response, and
- iii. that the resulting response be submitted to the Review Team on the Commission's behalf.

15. Audit Charges 2006/7 Audits – Revised Position

There was submitted a report by the Director of Audit Strategy referring to the Commission's approval, in October, of proposals for charges for the 2006/7 audits. The report outlined a subsequent agreement between Audit Scotland and HM Revenue and Customs about a revised VAT status which will apply from November 2006. The report described the impact of this agreement whereby the cost of local government audit will be reduced by around £400,000 per year. This will allow a reduction of the proposed charges, and a one off rebate to local authorities. The Commission welcomed the report and agreed to the revised charges as proposed in the report.

ACCOUNTS COMMISSION FOR SCOTLAND
SHETLAND ISLANDS COUNCIL BEST VALUE PROGRESS REPORT
FINDINGS

When the Commission made findings on the Best Value report on Shetland Islands Council in March 2005 we required a further report by the Controller of Audit on the progress made by the Council during 2005/6 and on the extent to which the objectives of Shetland's Improvement Plan had been achieved, and we accept this report as fulfilling that requirement. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

The Commission accepts the conclusion of the report that Shetland Islands Council has made a start in addressing the issues raised in the Commission's previous findings. In particular we acknowledge –

- The introduction of a Corporate Improvement Plan and service planning and performance management frameworks
- Moves towards achieving the longer term ambition of financial sustainability.

We remain concerned, however, about the pace and extent of change as a number of initiatives are relatively recent and are not yet fully established. We wish to place particular emphasis on the need for early improvement in the following areas –

- The development of Community Planning
- Clarity of lines of accountability between the Council and Trusts.

The Commission welcomes the steps that the Council has taken in the direction of establishing better scrutiny processes. We believe, however, that it is essential to have an Audit Committee that is separate from other deliberative and decision-making bodies.

Accordingly we urge the Council to increase the pace of change in delivering the Improvement Plan. Progress will be monitored through the annual audit process.

Minutes of Meeting of the
Accounts Commission held in
Murrayshall House Hotel,
Perthshire on Wednesday 8
December 2004 at 11am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
O Clarke
J Couper
A Faulds
K Geddes
A Leslie
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General
H Hall, Managing Director Audit Services
W F Magee, Secretary
D Pia, Director of Performance Audit (Local Government) (Items 8 & 9)
M Alcock, Portfolio Manager Performance Audit (Item 9)

<u>Item No</u>	<u>Subject</u>
1.	Minutes
2.	Chair's Introduction
3.	Scottish Executive
4.	Deputy Auditor General
5.	Managing Director Audit Services
6.	Performance Audit Committee
7.	Financial Audit and Assurance Committee
8.	Proposed Study Programme for Audit Scotland 2004/2006
9.	Proposals Relating to Police Call Management and Response Times to Emergency Calls
10.	Audit Scotland Financial and Performance Information
11.	Appointment of Auditors
12.	New Audited Bodies
13.	Angus Council – Best Value Audit
14.	Future Meetings

1. Minutes

The minutes of meeting of 13 October 2004 were submitted and approved.

2. Chair's Introduction

Alastair MacNish referred to a number of matters of current interest –

- He chaired a recent conference organised by APSE on Best Value at which various councillors and officers spoke positively about the introduction of the Best Value audit
- He proposes to meet Tom McCabe MSP the newly appointed Minister for Finance and Public Service Reform in the near future
- The first of the PI pamphlets on Police and Fire services will be published on 10 January.

3. Scottish Executive

The Secretary referred to recent discussions with representatives of the Commission's sponsor branch in the Scottish Executive indicating that consideration is being given to conducting a quinquennial review of the Commission in 2005 and that this will relate to further progress in finalising the framework document. He also referred to the intention of Ministers to make an Order which will have the effect of obliging councils to have regard to the Code of Guidance on Following the Public Pound. The Commission noted the position.

4. Deputy Auditor General

Caroline Gardner advised the Commission of further developments in the Efficient Government initiative –

- The work which Audit Scotland does on behalf of the Commission and the Auditor General all has a relevance to the initiative
- It is proposed to undertake some work, together with the Audit Commission, on benchmarking in back office services
- An element of the initiative relates to the possible streamlining of audit, inspection and regulation functions.

5. Managing Director Audit Services

Hugh Hall advised the Commission of a number of matters of current interest –

- All the local government audits in the Audit Services portfolio are complete
- Pilots of the modernised approach will be undertaken in Angus and Edinburgh, and a copy of the priorities and risks framework audit tool are available for Commission members' information.

6. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 13 October 2004 were submitted. Isabelle Low made particular reference to progress being made with the studies on a Teaching Profession for the 21st Century and Following the Public Pound. The Commission noted the minutes and approved the recommendations contained therein.

7. Financial Audit and Assurance Committee

John Baillie advised the Commission of the outcome of discussions at the Financial Audit and Assurance Committee meeting held on 2 December 2004 and in particular made reference to –

- The development of the modernised audit approach
- The outcome of the quality assurance programme
- The timetable for the procurement process
- The need to formulate a position on local government pensions
- The need for further action on the question of Audit Committees in local authorities.

The Commission noted his report.

8. Proposed Study Programme for Audit Scotland 2004/2006

Alan Alexander, Jean Couper, Keith Geddes and Isabelle Low each declared an interest in this item in respect of their membership of public bodies which come within the remit of the Auditor General's section of the proposed programme.

There was submitted a report by Caroline Gardner setting out proposals for the future Audit Scotland Performance Audit Study Programme 2004/06, presented under three main groupings –

- i. Auditor General reports
- ii. Accounts Commission reports
- iii. Joint AGS/Accounts Commission reports.

A summary list of the proposed study programme accompanied the report.

In discussion reference was made to the impact of the Efficient Government initiative, possible Controller of Audit reports and the Commission's concerns about the operation of Audit Committees and pension schemes in local government. Thereafter the Commission agreed –

- i. to approve the proposed study programme as submitted, and
- ii. to request that future reports on proposed study programmes should be presented in a way which deals separately with proposals for the Accounts Commission and proposals for the Auditor General.

9. Proposals Relating to Police Call Management and Response Times to Emergency Calls

There was submitted a report by David Pia referring to the Commission's request for further proposals on an appropriate timetable for a study on police call management and on options relating to the possibility of conducting an earlier study reviewing response times to emergency calls. The report dealt with the background on police call management, police response times and options for the Commission. After discussion, and in view of the issues raised in the report, the Commission agreed –

- i. that the Chair should seek a meeting with senior representatives of the police service to discuss possible ways forward if difficulties in obtaining data are not resolved, and

- ii. in the meantime work should continue in scoping a Performance Audit Study of police call management as proposed in option 1 in the report.

10. Audit Scotland Financial and Performance Information

There was submitted an noted a report presenting financial and performance information for Audit Scotland to 30 September 2004.

11. Appointment of Auditors

There was submitted a report by Russell Frith, Director of Audit Strategy, concerning auditors of local authorities who are members of staff of Audit Scotland. The report referred to the practice of naming members of staff of Audit Scotland to undertake each audit which does not provide any flexibility when staff move or are promoted nor if the named member of staff is ill when the audit needs to be finalised. The report also referred to the recent restructuring of the Audit Services Group within Audit Scotland whereby the team undertaking the local government audit will in future be led by a Director, two Assistant Directors, Chief Auditors and Senior Audit Managers.

After consideration the Commission agreed to approve the following arrangements under section 53 of the Local Government in Scotland Act 2003 –

The Commission hereby approves the following arrangements for assistance to be provided to a member of staff of Audit Scotland who is appointed as the auditor of such local government bodies as the Commission may decide from time to time.

1) In the audit of local authorities that are councils the auditor may be assisted in the performance of his/her functions under section 99 (1) (a), (b) and (d) and section 101 (4) of the Local Government (Scotland) Act 1973 and in the audit of grant claims by such appropriately qualified member of staff of Audit Scotland who is the Managing Director or such Assistant Director as the appointed auditor may decide.

2) In the audit of joint boards, joint committees or other bodies where the provisions of Part VII of the Local Government (Scotland) Act 1973 apply the auditor may be assisted in the performance of his/her functions under section 99 (1) (a), (b) and (d) and section 101 (4) of the Local Government (Scotland) Act 1973 and in the audit of grant claims by such appropriately qualified member of staff of Audit Scotland who is the Managing Director, or such Assistant Director or Senior Audit Manager as the appointed auditor may decide.

The Commission further agreed that the auditor of all the local government audits carried out by Audit Services Group as listed in the report for the financial years ending 31 March 2005 and 2006 be Gavin Stevenson, Director, Audit Services Group.

12. New Audited Bodies

There was submitted a report by Russell Frith, Director of Audit Strategy, advising the Commission that two similar joint committees have recently been identified as coming within the audit provisions of Part VII of the Local Government (Scotland) Act 1973. After consideration the Commission approved the recommendations in the report for the appointment of auditors as follows –

West of Scotland European Consortium –	Gavin Stevenson, Director of Audit Services (Local Government), Audit Scotland
East of Scotland European Consortium –	KPMG LLP

13. Angus Council – Best Value Audit

There was submitted a letter of 29 November 2004 from the Chief Executive of Angus Council enclosing an Improvement Plan approved by Angus Council in consequence of the Commission's findings arising from consideration of the Controller of Audit's report on the Best Value audit of that Council. Also enclosed was a proposed newspaper advertisement summarising the content of the Plan.

There was also submitted a report by Caroline Gardner on the terms of the Improvement Plan, drawing attention to two specific recommendations contained in the audit report which were not explicitly contained in the Council's submitted Plan –

- Making better use of benchmarking and comparative analysis both corporately and across services
- Producing baseline performance reports for all services to the end of 2003/4.

After discussion the Commission agreed –

- i. to note the Improvement Plan submitted by Angus Council in response to the Commission's findings;
- ii. to draw the attention of Angus Council to the omission of the points referred to in Caroline Gardner's report;
- iii. to propose that the points be covered in a future discussion between representatives of the Commission and of Angus Council, and
- iv. to approve the terms of the draft newspaper advertisement submitted by Angus Council.

14. Future Meetings

The Commission agreed that the Secretary should circulate proposals for a revised programme of meetings in 2005 in the light of the Commission's wish to hold Committee meetings on separate days from Commission meetings.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 2 February 2005 at
10.30am.

PRESENT: A MacNish (Chair)
 A Alexander
 O Clarke
 J Couper
 A Faulds
 K Geddes
 I Low

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
 R Nicol, Assistant Director of Performance Audit
 C Brown, Best Value Audit Manager (item 2)
 M Gaston, Assistant Director of Performance Audit (item 3)
 David Heaney, Best Value Audit Manager (item 3)
 W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Best Value Audit of North Ayrshire Council
3.	Best Value Audit of Stirling Council

1. Apologies

Apologies for absence were intimated on behalf of John Baillie, Alyson Leslie, Peter McKinlay, Mahendra Raj and Iain Robertson.

2. Best Value Audit of North Ayrshire Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of North Ayrshire Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973.

The Controller of Audit and Performance Audit staff answered questions by Commission members. The Commission then made findings on the report contained in Appendix 1 to this minute.

3. Best Value Audit of Stirling Council

Ann Faulds declared an interest in this item of business in respect of legal work undertaken by her firm for Stirling Council. She left the meeting at this point.

Keith Geddes declared an interest in respect of work undertaken by his company on housing matters in North Ayrshire Council. His interest did not prevent him from taking part in the proceedings.

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Stirling Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973.

The Controller of Audit and Performance Audit staff answered questions by Commission members. The Commission made then findings on the report contained in Appendix 2 to this minute.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE REPORT ON NORTH AYRSHIRE COUNCIL
COMMISSION FINDINGS

1. The Commission welcomes this report on the performance of North Ayrshire Council's statutory duties to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as inspectorates. While the report does not attempt a comprehensive review of all service delivery, it points the way to improvements for the future while recognising the achievements of the Council to date. We acknowledged the co-operation and assistance given to the audit process by members and officers of the Council.
2. North Ayrshire Council faces significant challenges in the social and economic circumstances of its area and is well placed to meet these. The foundations are mostly in place for Best Value and Community Planning and the Council's approach is positive. It engages well with its local community and its Community Planning partners at a strategic level, but we would encourage the Council to use its existing resources more creatively when responding to local needs
3. There is evidence of some good service performance and customer care. The Commission would like to have known more about how well individual services are doing, but there was limited systematic performance data available to the auditors
4. The Council knows what needs to improve and has identified for itself many of the things that need to happen. The Commission wishes to emphasise a number of those areas –
 - Elected members need to set a clear direction which is more focused on local needs and specific goals for improvement in service delivery
 - Elected members must fulfil an effective scrutiny role. They have shown willingness to do so and require the support of officers, access to well-focused data on performance and costs and an effective training and development programme in order to achieve this.
 - The senior management structure needs to be re-examined to ensure it properly supports the Council's business processes, and the role of the corporate management team needs to be more strategically focused
 - A performance management framework has recently been established but more and better measures of the cost and quality of services need to be introduced.
5. The Commission accepts that the Council recognises the need to change and urges it to add impetus to the change process. The Council should now develop and agree an improvement plan based on the improvement agenda contained in the Controller of Audit's report and taking into account these findings of the Commission. We expect the improvement plan to be specific, measurable, action orientated, realistic and timed. The plan should be sent to the Commission by 31 March 2005.

ACCOUNTS COMMISSION FOR SCOTLAND
STIRLING COUNCIL BEST VALUE REPORT
COMMISSION FINDINGS

1. The Commission welcomes this report on the performance of Stirling Council's statutory duties to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as inspectorates. While the report does not attempt a comprehensive review of all service delivery, it points the way to improvements for the future while recognising the achievements of the Council to date. We acknowledge the co-operation and assistance of elected members and officers of the Council in the audit process.
2. Stirling Council performs strongly against the Best Value and Community Planning criteria and recognises the need for further improvement. The Council has a clear vision for its area, has structured itself to reflect its core values and is positioned to meet the needs of citizens now and in the future. It has four strategic aims which provide the framework for all its activities and demonstrate its ambition.
3. The Commission invites the Council to agree and submit an action plan for improvement by 31 May 2005 which gives priority to the measures outlined in the Controller of Audit's report. Particular issues for the Commission are –
 - The need for elected members to become more actively involved in scrutiny. This would involve the formalisation of the role of the Governance, Resources and Performance Group and a review of the regularity and quality of reports on performance. The frequency of meetings should also be reviewed
 - Striking a balance in the allocation of resources that maintains the best performing services and enables improvements to take place in poorer performing areas.
 - Ensuring that the Council translates its plans into action that leads to sustained service improvement.
4. The Commission recognises that Stirling Council has a record of achievement and is clearly focused on the need for improvement and urges the Council to maintain its impetus towards the achievement of Best Value.

9 February 2005

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 9
February 2005 at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
K Geddes
A Leslie
I Low
P McKinlay
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
D McGiffen, Director of Corporate Services (item 10)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Financial Audit and Assurance Committee
4.	Chair's Introduction
5.	COSLA
6.	Members' Training
7.	Deputy Auditor General
8.	Commission Strategy
9.	Local Taxation in Scotland
10.	Audit Scotland Finance and Performance Information
11.	Review of Statutory Performance Indicators
12.	Best Value Audits

1. Apologies

Apologies for absence were intimated from Owen Clarke, Ann Faulds, Hugh Hall and Mahendra Raj.

2. Minutes

The minutes of meeting of 8 December 2004 were submitted and approved.

3. Financial Audit and Assurance Committee

There were submitted the minutes of meeting of the Financial Audit and Assurance Committee held on 2 December 2004. The Committee noted the minutes and approved the recommendations contained therein.

4. Chair's Introduction

Alastair MacNish referred to a number of matters of current interest –

- The proposed meeting with Tom McCabe MSP, Minister for Finance and Public Service Reform, will take place on 22 February
- There has been an exchange of correspondence with ACPOS concerning the Commission's publication of statutory performance indicators relating to the Police Service
- The Commission's sponsor branch in the Scottish Executive has intimated that the pay uprate of 2% for NDPB chairs and board members will not be applied to the remuneration of Commission members in 2004/5 because of the remuneration increase of June 2004
- He will attend CIPFA's Annual Dinner in London on 24 February 2005 to represent the Commission.

5. COSLA

The Commission agreed that Commission members should have the facility to attend elements of the COSLA Conference to be held at the St Andrews Bay Hotel from 13-15 April 2005 as an opportunity to engage with senior members and officers in Scottish local government.

6. Members' Training

Isabelle Low referred to the members' training day held on 8 February 2005 to prepare for public hearings on Best Value reports. The event was successful and highlighted a number of issues for consideration and these will be the subject of a further report by the Secretary at a later date.

7. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest

- The role to be played by audit in verifying the outcome of the Efficiency in Government Initiative is under discussion with the Scottish Executive. The Commission agreed that the finalisation of the remit of audit in this context be remitted to the Chair and the Deputy Auditor General in consultation
- By prior agreement the Scottish Executive announced that it will discuss with the Accounts Commission how it might provide assurance on local authorities'

arrangements for the control of parades and marches in line with the report by Sir John Orr.

8. Commission Strategy

There was submitted a report by the Secretary referring to the discussions at the Commission Strategy Seminar in December and enclosing a revised draft Strategy document. In discussion a number of points were made –

- Additional emphasis should be placed on the need for local authorities to work in partnership in order to deliver Best Value
- The paragraph on the intended outcomes of the Best Value audit should include a reference to the development of local authority action plans for improvement
- Consideration should be given to a bullet point summary at the beginning of the document, based on issues arising from the Strategy Seminar.

Thereafter the Commission agreed –

- i. members should pass on any detailed comments on the text to the Secretary individually;
- ii. the document, revised to take account of the comments above, should now be finalised and printed for distribution.

9. Local Taxation in Scotland

There was submitted a report by the Director of Audit Strategy advising the Commission that the Local Government Finance Review Committee, which includes John Baillie amongst its members, has issued a consultation paper to inform its work, seeking views on various options and the effects of each of them. A copy of the consultation paper was attached to the report.

After discussion the Commission agreed to make a response to the consultation paper on the areas outlined in the Director's report and requested that a draft of a response be prepared for its next meeting.

10. Audit Scotland Financial and Performance Information

The Director of Corporate Services circulated a revised report presenting financial and performance information for Audit Scotland to 31 December. She outlined the principal points of interest. The Commission noted the report.

11. Review of Statutory Performance Indicators

There was submitted a report by the Director of Performance Audit (Local Government) referring to the Commission's desire to review the approach to statutory performance indicators and advising that a consultancy firm has been commissioned to assist in that review. After a discussion concerning Audit Scotland's practice in benchmarking consultancy costs, the Commission noted the report.

12. Best Value Audits

With reference to paragraph 9 of the minutes of meeting of 9 June 2004 when the Commission agreed that a number of members be linked with individual councils in the context of the Best Value audit, the Commission agreed a revised list of members to be linked with councils as follows –

Council	Members	
North Ayrshire	Alan Alexander	Ann Faulds
Shetland	Keith Geddes	Owen Clarke
Inverclyde	Isabelle Low	Iain Robertson
Stirling	Keith Geddes	Peter McKinlay
West Lothian	Jean Couper	Alyson Leslie
Dundee	Alastair MacNish	John Baillie

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 9
March 2005 at 10.30am.

PRESENT: I Low (in the Chair)
A Alexander
J Couper
A Faulds
K Geddes
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
G Smail, Senior Manager Performance Audit (Local Government) (item 8)
A Roberts, Director of Performance Audit (Central Government) (item 9)
D Gill, Senior Manager Performance Audit (Central Government) (item 9)
M MacPherson, Manager Performance Audit (Central Government) (item 9)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Chair
3.	Membership
4.	Minutes
5.	Deputy Auditor General
6.	Managing Director of Audit Services
7.	Performance Audit Committee
8.	Overview Report on Local Authority Audits
9.	Improving Customer Service Through Better Customer Contact Study
10.	Local Taxation in Scotland
11.	Best Value Audit of Angus Council
12.	Accounts Commission Targets 2005/6
13.	Hearings

1. Apologies

Apologies for absence were intimated on behalf of John Baillie, Owen Clarke, Alyson Leslie and Alastair MacNish.

2. Chair

In the absence of Alistair MacNish Isabelle Low occupied the chair.

3. Membership

The Secretary advised the Commission that Owen Clarke had recently been appointed to lead a review of NHS 24 which would fully occupy his time until September and that he therefore wished to take leave of absence from his duties as a Commission member for that period. The Scottish Executive had indicated informal acceptance of this proposal and the Commission noted the position.

4. Minutes

The minutes of meetings of 2 and 9 February 2005 were submitted and approved subject to the addition of Peter McKinlay to the sederunt for the meeting on 2 February.

5. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest:

- The constructive discussions on matters of common interest with Tom McCabe MSP, Minister for Finance and Public Service Reform which took place on 22 February
- The recruitment of an Assistant Director of Performance Audit to lead a Best Value team.

6. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of matters of current interest:

- The pilot programme of modernised audits in councils is progressing well
- Particular emphasis is being placed on financial strategy and performance management in the audits currently being carried out by Audit Services.

7. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 16 February 2005 were submitted and noted and the recommendations contained therein approved.

8. Overview Report on Local Authority Audits

There was submitted a report by the Secretary introducing the Controller of Audit's annual overview report of issues arising from the local authority audits. The Controller of Audit and Performance Audit staff answered questions by Commission members. The Commission then made findings on the report contained in the Appendix to this minute.

9. Improving Customer Service Through Better Customer Contact Study

There was submitted a report by the Director of Performance Audit (Central Government) together with a draft report and key findings on the Improving Customer Service study. In discussion of the report a number of points were made:

- The report should reflect caution about the range of council surveys of customer opinions referred to in exhibit 8
- The chapter on leadership and organisation of customer service should contain emphasis on the vital role of staff in developing customer service
- The recommendations should be restated at the end of each chapter
- Follow up to the report will be through a number of routes including Best Value reports and consideration of the future study programme.

Thereafter, and subject to the above comments, the Commission approved the report for publication.

10. Local Taxation in Scotland

With reference to paragraph 9 of the minutes of meeting of 9 February 2005 there was submitted a report by the Director of Audit Strategy together with a draft response to the consultation paper issued by the Local Government Finance Review Committee on Local Taxation in Scotland. After discussion the Commission agreed:

- i. to incorporate the reference to ability to pay in the paragraph on collectability, using a suitable form of words;
- ii. to make reference to customer preference in the section on the use of modern technology and e-government; and
- iii. to approve the draft for submission on behalf of the Commission subject to the above adjustments.

11. Best Value Audit of Angus Council

There was submitted and noted a note of meeting between representatives of the Commission and of Angus Council held on 11 February 2005 in Forfar to discuss the outcome of the Commission's findings on the Best Value audit report on Angus Council.

12. Accounts Commission Targets 2005/6

There was submitted a report by the Secretary on annual targets for the Commission for 2005/6. The Commission agreed to continue consideration of the matter to the next ordinary meeting.

13. Hearings

There was submitted a report by the Secretary on a number of issues concerning public hearings which arose following discussions at the preparation day for Commission members and Audit Scotland staff held on 8 February 2005. The issues included:

- Clarity of the purpose of the hearing
- The role of witnesses and parties
- The role of the Controller of Audit
- The significance of preparation and full disclosure in advance of the hearing.

After discussion the Commission agreed that the Secretary should prepare a further, detailed report on hearings procedures for approval by the Commission.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 16
March 2005 at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Faulds
K Geddes
A Leslie
I Low
P McKinlay
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
M Gaston, Assistant Director of Performance Audit
R Nicol, Assistant Director of Performance Audit
G Neill, Audit Manager (Best Value)
W F Magee, Secretary

Item No

Subject

1. Apologies
2. Best Value Audit of Shetland Islands Council

1. Apologies

Apologies for absence were intimated on behalf of Mahendra Raj.

2. Best Value Audit of Shetland Islands Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Shetland Islands Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973.

The Controller of Audit and Performance Audit staff answered questions by Commission members. The Commission then made findings on the report contained in the Appendix to this minute.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE REPORT ON SHETLAND ISLANDS COUNCIL

COMMISSION FINDINGS

1. The Commission accepts this report on the performance of Shetland Islands Council's statutory duties to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. There is considerable scope for improvement in the management and leadership of Shetland Islands Council and their internal arrangements for scrutiny. In particular, the Commission has significant concerns about the following:
 - There is a lack of clear strategic plans with targets translating the broad vision of the Council and its partners into practical programmes of action
 - Planned activity is not prioritised and matched to planned resources
 - There is a lack of evidence and systems to show how well the Council is delivering services to the people of Shetland. As a result senior managers and councillors are not able systematically to monitor performance across all areas of activity, or identify areas of under-performance
 - There is a lack of a corporate approach to procurement
 - It is not acceptable for an Executive Committee to attempt also to fulfil the role of an independent Audit Committee
 - The principles of Following the Public Pound need to be fully applied to the currently complex arrangements that the Council has put in place for service delivery through the various Trusts
 - The Council has been unable, in three successive years, to agree a balanced budget and has met the shortfall between expenditure and income from reserves. This is unsustainable and not conducive either to sound financial management or to good planning.
3. The Council area has a distinctive culture. The Council has no loan debt and has significant investments. It also has a more significant role in the local community through the provision of air services and ferries and in economic development. We recognise that these factors result in unique circumstances for the Council and we welcome its honest self assessment of where it stands and how it needs to improve. While we accept that service delivery in Shetland can result in higher costs, the lack of key management systems prevents the Council from demonstrating whether Best Value is being achieved.
4. In view of the significance of our concerns we recommend that the Council adopt an improvement plan by 30 June 2005 with specific targets and timescales to address the issues raised in the report and these findings. We are asking the Best Value Audit Team to revisit Shetland Islands Council with a view to a further statutory report on the extent to which the objectives of the improvement plan are being achieved within 12 months from the adoption of that plan.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 13
April 2005 at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
A Leslie
I Low
P McKinlay
I Robertson

IN ATTENDANCE: R W Black, Auditor General (items 1 to7)
C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director Audit Services
R Frith, Director of Audit Strategy (items 1 to 7)
D McGiffen, Director of Corporate Services (items 7 to 11)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Audit Committee
4.	Financial Audit and Assurance Committee
5.	Deputy Auditor General
6.	Procurement Strategy
7.	Audit Scotland Corporate Plan
8.	Accounts Commission Targets 2005/6
9.	North Ayrshire Council Best Value Audit
10.	Scottish Executive Scrutiny Review
11.	Study Sponsors

1. Apologies

Apologies for absence were intimated on behalf of Jean Couper, Ann Faulds, Keith Geddes and Mahendra Raj.

2. Minutes

The minutes of meetings of 9 and 16 March 2005 were submitted and approved.

3. Audit Committee

Alastair MacNish referred to the recent reception hosted in the Scottish Parliament building by the Convener of the Audit Committee to acknowledge the work of Audit Scotland, which Commission members had attended. The event was a welcome recognition of the work of Audit Scotland and the effectiveness of the public audit arrangements under devolution.

4. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 23 March 2005 were submitted and noted and the recommendations contained therein were approved.

5. Deputy Auditor General

Caroline Gardner advised the Commission of recent developments in the Efficient Government Initiative, including the role to be played by Audit Scotland, and the Commission noted the position.

6. Procurement Strategy

There was submitted a report by the Director of Audit Strategy on developing a procurement strategy which dealt with the issues relating to the audit appointments which will need to be made in early 2006. The report described the background to the issues, the aims of a procurement strategy, alternative business models and the issues in completing a strategy. Russell Frith introduced a discussion of the issues and Robert Black outlined his vision for the Auditor General audits. In discussion a number of points were made –

- The need for providers to specialise by sector is recognised
- The associated risk of losing a strategic overview can be addressed by increased partnership working
- The current overall allocation of work between Audit Scotland and other providers is likely to remain the same
- Providers must demonstrate a high level of commitment to public sector audit work
- The needs of the Commission and the Auditor General for greater consistency can be met by better specification.

Thereafter the Commission accepted the general direction towards a procurement strategy as outlined in the report and discussions and agreed that the procurement process on behalf of the Commission should be carried forward by the Financial Audit and Assurance Committee.

7. Audit Scotland Corporate Plan

Alan Alexander declared an interest in respect of his Chairmanship of Scottish Water whose audit comes within the ambit of the Auditor General and Audit Scotland.

There was submitted a report by the Director of Corporate Services introducing the Corporate Plan for Audit Scotland which had been considered by the Audit Scotland Board. The Commission was invited to consider the Plan against its strategic objectives to enable it to be taken forward to the Scottish Commission for Public Audit. In discussion reference was made to a number of areas in which the language of the Plan could be clarified. Thereafter the Commission agreed that the Plan was appropriate to deliver the Commission's objectives.

8. Accounts Commission Targets 2005/6

There was submitted a report by the Secretary referring to the Commission's strategy, a copy of which accompanied the report, and the need for the Commission to agree annual targets for 2005/6. The report referred to the current targets for the Commission and proposed targets as suggested by Isabelle Low. In discussion a number of points were made –

- It is important to move towards increased measurement of the impact of the Commission's work
- There are issues about setting targets which relate to the performance of other bodies
- The measurements to be adopted should ensure that process measures are not used as qualitative measures.

Thereafter the Commission agreed to remit to Isabelle Low and John Baillie to finalise the details of the Commission's targets for 2005/6 in the light of the discussion.

9. North Ayrshire Council Best Value Audit

There was submitted a report by the Secretary advising of North Ayrshire Council's response to the findings of the Commission on the Best Value audit report. A copy of the Council's response and Improvement Plan accompanied the report. After discussion the Commission agreed –

- i. to note the response of North Ayrshire Council to the Commission's findings;
- ii. to appoint Alastair MacNish, Alan Alexander and Ann Faulds to meet representatives of the Council informally; and
- iii. to ask Commission members to advise the Secretary separately of any issues which should be raised with the Council in the informal discussion.

10. Scottish Executive Scrutiny Review

There was submitted a report by the Secretary advising the Commission of a review of the effectiveness of scrutiny functions being undertaken by the Scottish Executive as part of the Efficient Government Initiative. The Commission noted the report.

11. Study Sponsors

The Commission agreed that Ann Faulds and Mahendra Raj should be nominated as the Commission sponsors of the Waste Management study.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 4
May 2005 at 2.30pm

PRESENT: I Low (in the Chair)
A Alexander
J Baillie
J Couper
K Geddes
A Leslie
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit
M Walker, Best Value Audit Manager
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Chair
3.	Best Value Audit of Inverclyde Council

1. Apologies

Apologies for absence were intimated on behalf of Ann Faulds, Peter McKinlay and Alastair MacNish.

2. Chair

In the absence of Alastair MacNish, Isabelle Low occupied the Chair.

3. Best Value Audit of Inverclyde Council

Keith Geddes declared an interest in respect of this item of business in respect of his company's involvement in two transactions with Inverclyde Council.

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Inverclyde Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. There was also submitted a letter dated 29 April 2005 from the Chief Executive of Inverclyde Council advising the Commission of actions taken by him to address issues raised by the Controller of Audit's report.

The Controller of Audit and Performance Audit staff answered questions by Commission members. Following extensive discussion the Commission continued consideration of the Controller of Audit's report to a further meeting to be held on 11 May 2005.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 11
May 2005 at 11am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Faulds
K Geddes
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
B Hurst, Director of Performance Audit (Health & Community Care)
(item 5)
M Diffley, Project Manager Performance Audit (item 5)
A Taylor, Portfolio Manager Performance Audit (item 7)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chairman's Introduction
4.	Deputy Auditor General
5.	Overview Report and Key Messages Summary on Delayed Discharges
6.	Stirling Council Best Value Audit
7.	Future Development of Statutory Performance Indicators

1. Apologies

Apologies for absence were intimated on behalf of Peter McKinlay and Hugh Hall.

2. Minutes

The minutes of meeting of 13 April 2005 were submitted and approved subject to deletion of “informally” in para 9 ii.

3. Chairman’s Introduction

Alastair MacNish referred to a number of matters of current interest including –

- Attendance by himself, other members of the Commission and officers of Audit Scotland at COSLA’s Annual Conference
- His forthcoming attendance at meetings of the Scottish Parliament’s Audit Committee and Local Government and Transport Committee.

4. Deputy Auditor General

Caroline Gardner advised the Commission of further recent developments in the Efficient Government Initiative, including recent correspondence with the Scottish Executive. The Commission noted the position.

5. Overview Report and Key Messages Summary on Delayed Discharges

There was submitted a report by the Director of Performance Audit (Health and Community Care) introducing the draft joint Accounts Commission and Auditor General report on an overview of delayed discharges. The draft overview accompanied the report.

Isabelle Low declared an interest in this item of business as a member of a health board.

In discussion of the report a number of points were made –

- The high level nature of the overview should be emphasised with particular reference to the client perspective
- It will also be important to emphasise the complexity of the issues involved
- In this case the additional key messages summary appears to be unnecessary.

Thereafter the Commission approved the delayed discharges overview report for clearance and publication subject to the above comments.

6. Stirling Council Best Value Audit

Ann Faulds declared an interest in respect of the involvement of her firm in legal services for Stirling Council and took no part in the discussion of this item of business.

There was submitted a report by the Secretary advising the Commission of the outcome of Stirling Council’s consideration of the Commission’s findings on the Best Value audit report of that Council. A letter of 21 April 2005 together with a draft public

notice and Stirling Council Improvement Plan accompanied the report. After discussion the Commission agreed –

- i. that the Council should be advised that the public notice should more accurately reflect the balance of the Accounts Commission's findings; and
- ii. to note the Improvement Plan as submitted.

7. Future Development of Statutory Performance Indicators

There was submitted a report by the Director of Performance Audit (Local Government) inviting the Commission to consider a revised approach to the future development of statutory performance indicators. The report outlined the background to the issues and referred to an examination by consultants of –

- How well existing SPIs meet the needs of stakeholders
- The usefulness of the Commission's publications, and
- Exploration of alternatives for more effective mechanisms to measure performance for accountability and improvement purposes.

The report outlined the issues for consideration and proposed a way ahead.

In discussion a number of points were made –

- The proposal to seek ways of incorporating information about the experiences and the views of service users was welcome
- While identification with national priorities is important it must be balanced
- Different outputs for different stakeholders, particularly service users, should be considered
- Volume and cost data will continue to be important and should not be lost
- The media impact of publications is often disproportionate.

Thereafter the Commission agreed to endorse the way ahead proposed in the Director's report subject to the above comments.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 15
June 2005 at 10.30am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
A Faulds
K Geddes
A Leslie
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit (items 1 to 10)
N Bamforth, Assistant Director of Performance Audit
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Best Value Audit of Inverclyde Council
4.	Legal Issues in Commission Findings
5.	Best Value Audit of North Ayrshire Council
6.	ACPOS
7.	Chairman's Introduction
8.	Deputy Auditor General
9.	Managing Director of Audit Services
10.	Best Value Audit of West Lothian Council
11.	Statutory Performance Indicators – Consultation on 2005 Direction
12.	Fire and Rescue Services – Follow up Proposals
13.	Accounts Commission Annual Report
14.	Accounts Commission Targets
15.	Future Meetings

1. Apologies

Apologies for absence were intimated on behalf of Jean Couper.

2. Minutes

The minutes of meetings of 4 and 11 May 2005 were submitted and approved.

3. Best Value Audit of Inverclyde Council

With reference to the minutes of meeting of 4 May 2005 Isabelle Low referred to –

- The publication of the Commission's findings on the Inverclyde Council Best Value report
- The response by the Council, COSLA, the Scottish Executive, the media and others
- Discussions held with Council representatives on 9 June 2005.

A note summarising the discussions with Council representatives was circulated. The Commission noted the position.

4. Legal Issues in Commission Findings

There was submitted a report by the Secretary bringing to the attention of the Commission certain legal issues arising from the findings on the Inverclyde Best Value audit report. During consideration of those issues Senior Counsel was consulted and a copy of his note accompanied the Secretary's report. The Commission noted that no change in the Commission's approach to the preparation of such reports was recommended but agreed to emphasise the importance of continuing to cross-reference the Commission's findings to explicit statements in the Controller of Audit's report.

5. Best Value Audit of North Ayrshire Council

Alastair MacNish referred to the meeting on 2 June 2005 with representatives of North Ayrshire Council to follow up on the Commission's findings on the Best Value audit report of that Council. A note summarising the discussions was circulated and noted.

6. ACPOS

Alastair MacNish referred to recent discussions which he and representatives of Audit Scotland held with office bearers of the Association of Chief Police Officers in Scotland (ACPOS). The discussions had covered a number of topics including –

- Performance management
- Targets
- Reported crime
- SPIs
- Best Value
- Call management study
- Efficient Government
- Future liaison.

A note summarising the discussions was circulated. The Commission noted the position.

7. Chairman's Introduction

Alastair MacNish referred to a number of matters of current interest including his recent appearances before the Audit Committee and the Local Government and Transport Committee of the Scottish Parliament for the annual update of those Committees on the Commission's activities, largely based on the findings of the Overview Report and the Best Value audits to date. The Commission noted the position.

8. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including –

- Further correspondence and discussions with the Scottish Executive on the framework for any audit activity connected with the Efficient Government Initiative
- Her recent appearance before the Finance Committee of the Scottish Parliament to give evidence on the Efficient Government Initiative
- Her intention to circulate a further paper on the subject of the Efficient Government Initiative later in the summer.

The Commission noted the position.

9. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of recent developments –

- Discussions with the National Audit Office and the Audit Commission on matters of common interest
- The response of local authorities to the Efficient Government Initiative
- Issues emerging from the local authority accounts which are now coming in.

The Commission noted the position.

10. Best Value Audit of West Lothian Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of West Lothian Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973.

The Controller of Audit and Performance Audit staff answered questions by Commission members. Following extensive discussion the Commission made findings on the report contained in Appendix 1 to this minute.

11. Statutory Performance Indicators – Consultation on 2005 Direction

There was submitted a report by the Director of Performance Audit (Local Government) introducing the draft consultation paper for the 2005 Direction on statutory Performance Indicators. The draft consultation paper was attached to the report.

The report advised the Commission on its obligation to consult before issuing its annual Direction on the information which local authorities need to report to local communities about the performance of their services. The Commission's intention is to review the overall approach to SPIs in the light of the evidence from audits of Best Value and the results of the study of Community Planning currently under way. The Commission also wishes to maintain its approach to SPIs in the meantime and to seek improvements through a programme of work which was set out in the introductory paragraphs of the draft consultation paper. The paper contained proposals for changes, deletion and introduction of indicators and the Director's report drew attention to some specific issues for consideration.

In discussion a number of detailed points were raised concerning the drafting of the consultation paper. Thereafter, and subject to those adjustments, the Commission agreed –

- i. that Indicator ASW2: qualifications of staff in care homes should not be proposed for deletion in the consultation paper, and
- ii. to otherwise approve the paper for consultation subject to the above mentioned adjustments.

12. Fire and Rescue Services – Follow up Proposals

There was submitted a report by the Director of Performance Audit (Local Government) outlining proposals to follow up previous studies on the progress of Modernisation in the Scottish Fire and Rescue Services. The report proposed that a summary of information on progress in the Scottish Fire and Rescue Services should be submitted to the Commission in autumn 2005. A major review of the Scottish Fire and Rescue authorities through 2006 would allow the publication of a national report in November 2006.

After discussion the Commission agreed to approve the Director's proposals to report to the Commission in autumn 2005 on the continued progress of changes in Fire and Rescue Services, accepting that a decision on whether or not to publish those results can be made at the time. The Commission also approved the conduct of a fuller review in 2006 of the outcomes of modernisation in this service.

13. Accounts Commission Annual Report

There was submitted a report by the Secretary advising that a new approach to annual reporting is proposed in the current year when separate reports will be published on behalf of Audit Scotland, the Auditor General and the Accounts Commission. A draft of an annual report by the Accounts Commission accompanied the Secretary's report. In discussion of the draft a number of points were made –

- The Commission's performance set against its targets should be incorporated into each of the separate sections
- Where possible, comparison with previous years should be shown
- Some of the summaries of VFM reports should be adjusted
- The introduction should contain a reference to COSLA.

Thereafter the Commission agreed to remit to the Secretary to arrange for the publication and circulation of the final form of the report in consultation with the Chair.

14. Accounts Commission Targets

With reference to paragraph 8 of the minutes of meeting of 13 April 2005 there was circulated a note of revised targets for the Accounts Commission which had been adjusted in discussion between Isabelle Low and John Baillie. The Commission agreed to adopt the targets contained in Appendix 2 to this minute.

15. Future Meetings

The Commission agreed that the additional meeting to consider Best Value reports scheduled for Wednesday 21 September 2005 should commence at 2pm.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE REPORT ON WEST LoTHIAN COUNCIL
DRAFT COMMISSION FINDINGS

1. The Commission accepts this report on the performance of West Lothian Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. The Commission recognises the evidence in this report of good practice and a strong commitment to improvement in this council. West Lothian has faced a number of adverse demographic and economic circumstances but the Council has shown itself to be effective in responding to change in its environment. The particular aspects of West Lothian Council which the Commission welcomes include –
 - It has a clear and ambitious strategic vision for its area and through effective business planning this is transmitted into successful service delivery;
 - It has a positive organisational culture that is firmly focused on improving services for the people who use them;
 - It has an open culture and places great value on the contribution of its staff in improving services;
 - It learns from good practice both internally and externally and applies it across the range of council activities, for example through the West Lothian Assessment Model which was developed from the housing service.
3. The Council understands that Best Value is about a continuous drive for improvement and has set out an agenda for this purpose. The Commission will be particularly interested to see improvement in these areas –
 - Development of the role elected members should play in scrutinising service performance;
 - Better performance information to underpin management and scrutiny processes
 - Year on year targets
 - More balanced public performance reporting that highlights areas in need of improvement as well as the council's successes.
4. The Commission looks forward to receiving by 30 September 2005, an Improvement Plan from West Lothian Council that responds to the audit report and these Findings. In view of the positive nature of the report, the Commission does not expect that a further comprehensive Best Value audit will be required in West Lothian Council for a period of four years.

Strategic objective	Strategic goal	Target	Measured by
<p>1. An effective independent financial audit and assurance programme</p>	<p>Accurate, clear and unambiguous reports for audited bodies and other stakeholders</p>	<p>1.1 A well-planned, well-delivered programme of reports on individual audited bodies</p>	<p>Delivery as against timetable, and stakeholder response whilst preserving independence</p>
		<p>1.2 Overview report highlights the strengths and weaknesses in internal controls and governance; and the material risks in comparison with previous years</p>	<p>Media coverage and stakeholder response</p>
		<p>1.3 Audit quality reviewed to secure best value, to include more time-efficient methods and approaches to work</p>	<p>Part of outcome of quality assurance review</p>
		<p>1.4 Successful procurement process</p>	<p>Outcome of procurement process and achievement of other targets</p>
<p>2. The effective introduction of the Best Value audit programme</p>	<p>Successful first cycle and lessons learned for the future, both about the process and about real improvements in service delivery</p>	<p>2.1 Best value audit programme delivered on time</p>	<p>Performance reflects plan</p>
		<p>2.2 Stakeholders recognise accuracy and value of outputs</p>	<p>Stakeholder response</p>
		<p>2.3 Audits result in well-focused improvement plans likely to deliver progress</p>	<p>Assessment of improvement plans</p>
		<p>2.4 Lessons implemented for future audits</p>	<p>Fine-tuning of subsequent arrangements</p>

Strategic objective	Strategic goal	Target	Measured by
3. An effective performance audit programme	More joined up reporting with more direct impact	3.1 Improved publicity for outputs in current study programme	Media coverage and stakeholder response
		3.2 Impact of previous study programme assessed and lessons learned	Changes to date resulting from outputs in 2002-3 compared with plan
		3.3 Improvements in impact from future study programme	Improved scoring re criteria; and stakeholder response
4. The effective publication of performance information	Improved content, driving change and more accessible to the public	4.1 Improved performance overall	SPI data for 2004-05
		4.2 Improved and fairer publicity for outputs	Media coverage and stakeholder response
		4.3 Reduced burden on councils	Stakeholder response
		4.4 Improved accessibility for stakeholders	Stakeholder response
5. Good corporate governance of the Accounts Commission	Full compliance with best practice	5.1 Audit Scotland held to account for delivery	Commission scrutiny of quarterly performance information
		5.2 Members have performance assessed	Forward objectives and appraisals
		5.3 Improvement in cohesion and effectiveness	Annual review of corporate effectiveness

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Wednesday 13
July 2005 at 10.30am

PRESENT: A MacNish (Chair)
J Couper
A Faulds
K Geddes
A Leslie
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit (items 6 and 7)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chairman's Introduction
4.	Deputy Auditor General
5.	Managing Director of Audit Services
6.	Best Value Audit of Inverclyde Council
7.	Best Value Audit of Shetland Islands Council
8.	Best Value Audit of Stirling Council
9.	The Audit of Best Value
10.	Audit Commission Activities
11.	Audit Scotland Finance and Performance Information
12.	Future Meetings

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander and John Baillie.

2. Minutes

The minutes of meeting of 15 June 2005 were submitted and approved subject to changing “objectives” to “targets” in the first bullet point in paragraph 13.

3. Chairman’s Introduction

Alastair MacNish referred to a number of matters of current interest including the forthcoming visit to Shetland Islands Council to discuss the outcome of their Best Value audit report.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including the making by Scottish Ministers of a Direction to local authorities requiring them to have regard to the guidance on Following the Public Pound issued jointly by the Commission and COSLA. The Commission noted the position.

5. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of recent developments –

- The programme for the completion of work on the audit of local authority accounts by the Audit Services Group is on target
- It is intended that final reports on the audits by the Audit Services Group will be submitted earlier than previously
- There are issues around the preparation of group accounts relating to local authorities, with particular implications for Following the Public Pound.

The Commission noted the position.

6. Best Value Audit of Inverclyde Council

There was submitted a report by the Secretary referring to the Commission’s findings on the Best Value report on Inverclyde Council and enclosing a copy of the Council’s formal response together with the proposed press advertisement summarising that response. The Commission agreed –

- i. to note the Council’s response as submitted, and
- ii. to approve the draft press advertisement as submitted by the Council.

7. Best Value Audit of Shetland Islands Council

There was submitted a letter from Shetland Islands Council enclosing a copy of that Council’s Corporate Improvement Plan which had been discussed in public at a special meeting of the Shetland Islands Council called to consider the Best Value audit report and Commission findings. The Commission noted the Improvement Plan.

8. Best Value Audit of Stirling Council

With reference to paragraph 6 of the minutes of meeting of 11 May 2005 there was submitted a revised draft public notice prepared by Stirling Council and summarising that Council's response to the Best Value audit report and findings of the Commission. The Commission agreed to approve the public notice for publication by Stirling Council.

9. The Audit of Best Value

There was submitted a report by the Deputy Auditor General giving the Commission an update on the audit of Best Value programme and development of the audit process. The report dealt with the background to the audit, overall progress to date and future development. It also set out a number of issues for consideration by the Commission. After discussion the Commission agreed –

- i. that a briefing be given to a future meeting of the Commission to enable Commission members to expand their understanding of the work done to complete an audit;
- ii. that the briefing should also cover the way in which material provided by Inspectors and other scrutiny bodies is used in the Best Value audit;
- iii. that the role played by individual members linked to each audit is important but needs to be clarified and a draft protocol for the conduct of this role should be developed;
- iv. that an early paper be brought to the Commission on options for the Best Value audit in police, and that further consideration be given to the development of the audit in the fire service at a later stage;
- v. that national meetings should be held with police authorities and with fire authorities at the appropriate times to discuss the future development of the Best Value audit affecting them, on a similar basis to the meetings which were held with council leaders and chief executives during the development of the Best Value audit for councils;
- vi. that there should be a review of the progress of the Best Value audits covering audit methods and content, reporting guidelines and style, and the impact of the audit on stakeholders. This would be an appropriate topic for inclusion in the Commission's Strategy Seminar to take place early in 2006 with a view to a more extensive review at the end of the first cycle in 2007, perhaps involving an external element;
- vii. that each member should be asked to express a preference for a method of gaining access to guidance and other supporting material on Best Value which has been issued, mainly by the Scottish Executive;
- viii. that follow-up meetings with Councils should be arranged at earlier dates, if possible shortly after the publication of the report and findings.

10. Audit Commission Activities

There was submitted a report by the Portfolio Manager (Education and Children's Services) in Performance Audit advising the Accounts Commission about the work of

the Audit Commission in England. The intention was to produce such a report every six months for the information of Commission members. The report covered –

- The role of the Audit Commission
- The Audit Commission Strategic Plan (2005-07)
- Audit Commission activities for 2005-06, including their proposed programme of studies.

The Commission welcomed the report and noted its contents.

11. Audit Scotland Finance and Performance Information

There was submitted a report by the Director of Corporate Services containing financial and performance information for Audit Scotland to 31 March 2005. In discussion reference was made to one particular issue which covers correspondence from ten individuals. Thereafter the Commission noted the report.

12. Future Meetings

There was submitted a report by the Secretary inviting the Commission to fix a forward programme of meetings for the remainder of 2005. After discussion the Commission agreed that the Secretary should consult further and thereafter circulate a note of the proposed dates of meetings.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Tuesday 30
August 2005 at 1.30pm

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit
D Heaney, Best Value Audit Manager
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Best Value Audit of Dundee City Council

1. Apologies

Apologies for absence were intimated on behalf of Ann Faulds, Keith Geddes and Peter McKinlay.

2. Best Value Audit of Dundee City Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Dundee City Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. After considerable discussion the Commission agreed to continue consideration of the matter to their next meeting to be held on 14 September 2005.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street on Tuesday 30
August 2005 at 1.30pm

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit
D Heaney, Best Value Audit Manager
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Best Value Audit of Dundee City Council

1. Apologies

Apologies for absence were intimated on behalf of Ann Faulds, Keith Geddes and Peter McKinlay.

2. Best Value Audit of Dundee City Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Dundee City Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. After considerable discussion the Commission agreed to continue consideration of the matter to their next meeting to be held on 14 September 2005.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 14 September 2005
at 10.45am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Leslie
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit (items 1 to 10)
G Neill, Audit Manager (Best Value) (items 1 to 10)
A Taylor, Portfolio Manager Performance Audit (item 13)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Best Value Audit of Stirling Council
4.	Deputy Auditor General
5.	Managing Director of Audit Services
6.	Best Value Audit of East Renfrewshire Council
7.	Best Value Audit of Shetland Islands Council
8.	Best Value Audit of West Lothian Council
9.	The Audit of Best Value in Police Authorities
10.	Modernising the Audit
11.	Developing the Priorities and Risk Framework for the Audit of Councils in 2005/6
12.	Local Government Sector Plan
13.	Statutory Performance Indicators – Publication of 2004/5 Data

1. Apologies

Apologies for absence were intimated on behalf of Ann Faulds and Keith Geddes.

2. Minutes

The minutes of meeting of 13 July and 30 August 2005 were submitted and approved.

3. Best Value Audit of Stirling Council

With reference to paragraph 8 of the minutes of meeting of 13 July 2005 the Secretary reported that it had proved difficult to fix a mutually convenient date for the follow-up meeting with Stirling Council and that he continued to attempt to make appropriate arrangements. The Commission noted the position.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including the continued involvement of Audit Scotland in the Scottish Executive's Efficient Government initiative.

5. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of recent developments –

- The programme for the completion of work on the audit of local authority accounts by the Audit Services Group continues to be on target
- A number of significant issues are emerging from the consideration of the accounts relating to, amongst others, local authority pension schemes and tendering processes for PPP schemes.

6. Best Value Audit of East Renfrewshire Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of East Renfrewshire Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. After discussion the Commission agreed to make findings on the Controller of Audit's report as contained in the Appendix to these minutes.

7. Best Value Audit of Shetland Islands Council

There was submitted and noted a note of the meeting between members of the Accounts Commission and representatives of Shetland Islands Council held in Lerwick on 20 July to discuss the outcome of the Best Value audit.

8. Best Value Audit of West Lothian Council

There was submitted and noted a note of the meeting between members of the Accounts Commission and representatives of West Lothian Council held in Livingston on 1 September to discuss the outcome of the Best Value audit.

9. The Audit of Best Value in Police Authorities

There was submitted a report by the Deputy Auditor General providing the Commission with background on existing arrangements for the audit and inspection of Police authorities and seeking the Commission's views on how it wishes to develop the audit of Best Value of those authorities. The report outlined the policy and legislative background, Police organisational structures, the inspection of Police Forces and options for extending the Best Value audit approach. After discussion the Commission agreed –

- i. that its preferred approach to the audit of Best Value in Police authorities was the third option offered in the report on the understanding that there would be considerable involvement by Audit Scotland staff in areas of financial and resource management in Police Forces;
- ii. that the Controller of Audit and, if appropriate, the Chair of the Commission, should discuss implementation of this approach with Her Majesty's Inspectorate of Constabulary and, subject to agreement on necessary protocols, proceed to pilot the approach;
- iii. that the Controller of Audit should report back to the Commission on the outcomes of the discussion and the pilot and on formal reporting mechanisms which may be required, and
- iv. that meetings with Police authorities and Chief Constables should be held at an appropriate point following the pilot project.

10. Modernising the Audit

There was submitted a report by the Managing Director of Audit Services giving the Commission an update on the modernisation of the audit of local government. The report outlined the background to the new approach to the statutory audit of local government in Scotland, progress to date and further developments already in train. The Commission welcomed the progress on the modernisation of the audit of local government and the further proposed developments.

11. Developing the Priorities and Risk Framework for the Audit of Councils in 2005/6

Isabelle Low declared an interest in this and the next items of business in respect of her membership of a Health Board.

There was submitted a report by the Director of Audit (Local Government) introducing the priorities and risk framework as a key component in the modernisation of the statutory audit of local government. The report outlined the background to the PRF and set out the proposed PRF topics for 2005/6. The report referred to the use of PRF in the audit of health bodies.

In discussion a number of points were made –

- The PRF provides an excellent vehicle for engagement with members of audited bodies
- A number of issues such as pensions and Following the Public Pound are of particular interest to Commission members
- It is important to secure understanding in local authorities of the approach being taken

- It will be important to continue to involve firms of appointed auditors in the PRF process
- There will be implications for the Commission's Code of Audit Practice arising from this approach.

Thereafter the Commission agreed to note the development of the PRF for 2005/6 and the key themes emerging.

12. Local Government Sector Plan

There was submitted a report by the Director of Performance Audit (Local Government) and the Director of Audit Services (Local Government) introducing the draft sector plan for local government. For the first time a local government sector plan had been produced in recognition of the importance which the Commission attaches to a co-ordinated approach to the whole range of audit work in relation to local government. The plan is primarily intended for internal use within Audit Scotland and is a reference point for the Commission and the Auditor General. After discussion the Commission welcomed the draft sector plan as submitted.

13. Statutory Performance Indicators – Publication of 2004/5 Data

There was submitted a report by the Director of Performance Audit (Local Government) referring to the Commission's practice of publishing six pamphlets each year between December and February covering a selection of the statutory performance indicators reported by councils, Police Forces and Fire Brigades for the previous financial year. Following the recent review of SPIs the Commission decided that publication arrangements should be reconsidered and the report set out a number of options for consideration. In discussion a number of points were made –

- It is important to continue to publish in a printed format as well as electronically
- There is a need to place the SPIs in context and to explain situations where council data is not included
- It is important to choose a publication method which is the most efficient use of resources.

Thereafter the Commission agreed –

- i. to cease publication of separate pamphlets covering the information reported by councils;
- ii. to integrate publication of SPI information into the annual overview report.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE REPORT ON EAST RENFREWSHIRE COUNCIL

COMMISSION FINDINGS

1. The Commission accepts this report on the performance of East Renfrewshire Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. The Commission recognises that East Renfrewshire is a successful Council which has been enthusiastic in pursuing continuous improvement. It demonstrates many of the attributes of a Council which achieves Best Value –
 - The Council has a good understanding of the present and future needs of its area
 - Councillors and officers provide strong corporate leadership for the Council and the wider community
 - Councillors and managers have helped to foster a culture of continuous improvement
 - There is a sound system of corporate performance management
 - There is evidence that the Council provides a high, responsive and generally improving standard of service, particularly in the education service
 - Through the Audit Committee, members provide an exemplary detailed and effective level of scrutiny on selected areas .
3. However Best Value is about a continuous drive for improvement and the report identifies areas for attention in the Council. These include –
 - Greater emphasis on outcomes in the performance management and scrutiny arrangements
 - An improved approach to option appraisal including working with other councils
 - Further improvement in public reporting
 - Improvement in some aspects of the housing service.
4. The Commission looks forward to receiving an Improvement Plan from the Council which responds to the audit report and these findings.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 14 September 2005
at 10.30am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Leslie
I Low
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit
G Neill, Audit Manager (Best Value)
W F Magee, Secretary

Item No

Subject

1.

Best Value Audit of Dundee City Council

1. Best Value Audit of Dundee City Council

With reference to paragraph 2 of the minutes of meeting of 30 August 2005 the Commission resumed consideration of the Controller of Audit's report on the Best Value audit of Dundee City Council. After consideration the Commission agreed to make findings on the report as contained in the Appendix to these minutes.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE REPORT ON DUNDEE CITY COUNCIL
COMMISSION FINDINGS

1. The Commission accepts this report on the performance of Dundee City Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

2. The Commission recognises that Dundee City Council faces a series of complex challenges as a result of the social and economic circumstances of its area. The Council has shown that it has a commitment to regenerating the city and that, in some parts of its business, it is capable of achieving improved performance without always relying on additional resources. It has strengths in partnership working, has made good progress with Community Planning and benefits from a strong track record of working with local people. However, the Commission has concerns that there are issues which the Council must address if it is to be in a position to deliver Best Value.
 - The lack of an effective scrutiny process by elected members which is largely attributable to the fact that all 29 members sit on all 13 committees this makes the independence of view essential to the scrutiny process difficult, if not impossible, to achieve
 - The consistent focus on policy making in private session raises concerns about transparency
 - The need to improve strategic management in a planned way in order to achieve appropriate structures, both at elected member and officer level, and by not simply reacting opportunistically to personnel and political changes
 - The need to relate systematically the Council's policies and priorities to the resources available in order to strengthen its capacity to deliver Best Value
 - The adoption of blanket policy commitments which, taken with pressures on resources, from a declining population/tax base and growing demand for services, severely limit the achievement of Best Value for the people of Dundee
 - Corporate processes which do not adequately support performance management.

3. Overall, the picture is one of contrasts between areas of council activity that have modernised, are successful and are committed to improvement, and other areas which are lagging behind. The Commission is concerned that these issues which relate largely to the corporate centre of the organisation at member and officer level, need to be addressed to achieve continuous improvement in service delivery.

Performance issues highlighted in the report include –

- High staff absence levels, particularly among teachers

- Deteriorating performance in some aspects of children's services and adult social work
 - High cost of council tax collection coupled with a poor collection rate
 - Educational attainment below national and comparator authority averages
 - Slippage of the Public Private Partnership Scheme for new school building and school improvement
 - Measures of home care provision are in the lowest quartile of national figures
 - High percentage of roads that should be considered for repair and spending on structural maintenance.
4. The Commission welcomes the Council's recognition of areas in which improvements need to be focused and looks forward to receiving by 31 October 2005 an Improvement Plan from Dundee City Council which responds to the audit report and these findings. The Commission expects the Council's progress to be monitored through the normal audit process and will pay particular attention to this aspect of any reports by the auditor over the forthcoming years.

September 2005

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 12 October 2005 at
10.30am

PRESENT: A MacNish (Chair)
J Baillie
O Clarke
J Couper
A Faulds
K Geddes
I Low
P McKinlay

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
W F Magee, Secretary
R Nicol, Assistant Director of Performance Audit (item 9)
N Bamforth, Assistant Director of Performance Audit (item 9)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Membership
3.	Minutes
4.	Deputy Auditor General
5.	Managing Director of Audit Services
6.	Financial Audit and Assurance Committee
7.	Performance Audit Committee
8.	Housing Benefit Inspection
9.	Audit of Best Value – Presentation on the Delivery of the Audit

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander, Alyson Leslie, Mahendra Raj and Iain Robertson.

2. Membership

The Chairman welcomed Owen Clarke to his first meeting on his return from his suspended membership to enable him to carry out the study on NHS 24.

The Chairman advised the Commission that Alan Alexander, Jean Couper and Keith Geddes have been re-appointed as members of the Commission until 30 September 2008.

3. Minutes

The minutes of meetings of 14 September 2005 were submitted and approved.

Arising from the minutes Isabelle Low advised the Commission of the reaction to the publication of the Best Value reports and findings on Dundee City Council and East Renfrewshire Council.

With reference to paragraph 9 of the minutes of 14 September 2005 David Pia advised the Commission that discussions have taken place with Her Majesty's Chief Inspector of Constabulary on the proposed arrangements for the introduction of the Best Value audit in Scottish police authorities and that it is intended to bring a further report to the Commission on this matter in Spring 2006.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including discussions in the Audit Committee of the Scottish Parliament about developing the relationship between the Commission and that Committee.

5. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of recent developments –

- The audits of the local authority accounts carried out by the Audit Services Group have now been signed off
- Some diagnostic work is being carried out in Audit Services in relation to the Efficient Government Initiative and this will be the subject of a future report.

6. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 16 September 2005 were submitted. John Baillie referred to a number of significant items contained in the minutes including –

- Approval of the Procurement Strategy on behalf of the Commission and the Auditor General
- The recommendation to the Commission that the forthcoming Strategy Seminar should consider the use of the various reporting mechanisms.

Thereafter the Commission noted the minutes and approved the recommendations contained therein.

7. Performance Audit Committee

There were submitted the minutes of meeting of the Performance Audit Committee of 28 September 2005. Isabelle Low referred to a number of significant matters contained in the minutes including –

- Key messages from the studies on Housing Stock Transfer and Following the Public Pound
- The baseline review of Community Planning Partnerships.

Thereafter the Commission noted the minutes and approved the recommendations contained therein.

8. Housing Benefit Inspection

There was submitted a report by the Deputy Auditor General referring to the government's intention to merge the Benefits Fraud Inspectorate with the Audit Commission to become part of the new independent Local Services Inspectorate for England from 2008. This has resulted in a proposal that the Accounts Commission assume responsibility for the inspection of housing benefit and council tax benefit administration in Scotland. The report outlined the background to the proposal, the resource implications and possible legislation to implement it. After consideration the Commission agreed to authorise Audit Scotland to enter into discussions with the Benefits Fraud Inspectorate about taking on this responsibility in the future on the understanding that a further paper bringing forward detailed proposals will be submitted in due course.

9. Audit of Best Value – Presentation on the Delivery of the Audit

There was submitted a report by the Director of Performance Audit (Local Government) referring to the Commission's decision at its July meeting to receive a presentation on the work undertaken to complete a Best Value audit. Ronnie Nicol and Nikki Bamforth gave a briefing to Commission members based on presentation slides which had been circulated. The subsequent discussion covered a number of areas –

- The importance of moving in future to assessing the experience of service recipients
- The continuing recognition that it is not possible to draw up a simplistic league table of council performance but nonetheless a spectrum of such performance will become evident as more reports are published
- It will be important to develop ways of measuring the impact of the reports and findings
- Maintaining the evidence base for conclusions is vital.

Thereafter the Commission welcomed the presentation and agreed that a review of the Best Value experience to date should be included in the agenda for the Commission's Strategy Seminar to be held early in 2006.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 9 November 2005 at
10.30am.

PRESENT: A MacNish (Chair)
A Alexander
O Clarke
J Couper
A Faulds
K Geddes
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
W F Magee, Secretary
G Smail, Senior Manager, Performance Audit (item 9)
D Black, Project Manager, Performance Audit (item 9)
M Alcock, Portfolio Manager, Performance Audit (item 10)
A Taylor, Portfolio Manager, Performance Audit (item 11)
R Frith, Director of Audit Strategy (item 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Member Involvement
4.	Deputy Auditor General
5.	Best Value Audit of Dundee City Council
6.	Best Value Audit of East Renfrewshire Council
7.	Best Value Audit of West Lothian Council
8.	Proposed Press Notices
9.	Following the Public Pound
10.	Fire and Rescue Services
11.	Publication of Performance Information Direction 2005
12.	Update on Public Pension Schemes
13.	Audit Charges 2005/6 Audits
14.	Audit Scotland Finance and Performance Information
15.	Meeting Dates 2006

1. Apologies

Apologies for absence were intimated on behalf of John Baillie, Alyson Leslie, and Hugh Hall.

2. Minutes

The minutes of meetings of 12 October 2005 were submitted and approved.

3. Member Involvement

In accordance with the Commission's practice of involving individual members as sponsors of studies there was circulated and agreed a note of the allocation of members to forthcoming studies contained in Appendix 1 to these minutes.

Also in accordance with the Commission's practice of asking individual members to take particular interest in individual Best Value audits, including attendance at the follow-up meeting, there was circulated and agreed a note of the allocation of members to forthcoming Best Value audits as contained in Appendix 2 to these minutes.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including the continuing engagement of Audit Scotland with the Efficient Government Initiative and her involvement in the reconstituted Steering Group of that project.

5. Best Value Audit of Dundee City Council

There were submitted –

- Letter of 25 October 2005 from Dundee City Council Chief Executive
- Report by the Chief Executive to the City Council about the audit of Best Value and Community Planning
- Improvement Plan accompanying that report which was unanimously agreed by the Council
- A proposed press notice by the Council summarising its response to the Commission's findings.

The Commission were advised that the follow-up meeting with representatives of Dundee City Council would take place on 15 November 2005. In discussion a number of concerns were expressed about the report and the Improvement Plan. Thereafter the Commission agreed –

- i. that its concerns be expressed to the Council's representatives at the forthcoming meeting;
- ii. that otherwise the Improvement Plan be noted, and
- iii. that the proposed press advertisement be approved.

6. Best Value Audit of East Renfrewshire Council

There were submitted –

- Letter of 31 October 2005 from the Chief Executive of East Renfrewshire Council
- Improvement Plan approved by the Council
- Proposed press notice summarising the Council's response to the Commission's findings.

After discussion the Commission agreed –

- i. to note the Improvement Plan;
- ii. to refer the proposed press notice back to the Council for adjustment.

7. Best Value Audit of West Lothian Council

There were submitted –

- Improvement Plan approved by West Lothian Council
- Proposed press notice summarising the Council's response to the Commission's findings.

After discussion the Commission agreed –

- i. to note the Improvement Plan;
- ii. to approve the proposed press notice as submitted.

8. Proposed Press Notices

The Commission agreed that in future proposed press notices submitted by Councils summarising their response to the Commission's findings on Best Value audits should be remitted to those members of the Commission allocated to take a particular interest in that audit for consideration and approval.

9. Following the Public Pound

There was submitted a report by the Director of Performance Audit (Local Government) referring to consideration of the Key Messages arising from the study on Following the Public Pound as discussed by the Performance Audit Committee and enclosing a draft of the full report of the study. In discussion a number of points were made –

- The range and quality of the work evidenced in the report was welcome
- Councils' level of compliance with the Code and their performance in relation to it, as set out in Exhibits 7 or 8, should be reflected in the summary
- The priority of Key Messages in the summary should be reviewed
- Care should be taken in the wording relating to the legal powers of councils
- Greater prominence should be given to non cash support to ALEOs and the opportunity costs of such support.

Thereafter the Commission agreed that the Key Messages of the report should be redrafted and circulated to Commission members for final approval.

10. Fire and Rescue Services

There was submitted a report by the Director of Performance Audit (Local Government) referring to the Commission's consideration of the second verification study in relation to the Fire and Rescue Services in Scotland in 2004. The Commission have asked Audit Scotland to undertake a comprehensive performance audit on the Scottish Fire and Rescue authorities during 2006. The Commission also asked for an interim report prior to 2006 about more immediate progress. An interim report on progress accompanied the Director's report.

After discussion the Commission agreed –

- i. to note the interim report on progress of modernisation in Scottish Fire and Rescue authorities;
- ii. to approve the proposals contained in the Director's report for its circulation.

11. Publication of Performance Information Direction 2005

There was submitted a report by the Director of Performance Audit (Local Government) outlining matters arising from consultation on the 2005 Performance Information Direction and submitting the Direction for consideration. After discussion the Commission agreed –

- i. to delete the SPI on non domestic rates but retain the SPI on library stock replenishment;
- ii. otherwise to accept the proposed changes to SPIs for 2006/7 contained in Annex 1 to the report;
- iii. to remit the potential indicators for deletion contained in Annex 3 to the report for consultation in relation to the next forthcoming Direction, and
- iv. otherwise to approve the 2005 Direction as set out in Annex 2 to the report.

12. Update on Public Pension Schemes

There was submitted a report by the Deputy Auditor General referring to research carried out by Audit Scotland on public pension schemes in Scotland. It would be possible to prepare a joint briefing paper with the Auditor General for Scotland under the "How Government Works" banner for potential publication. The Commission agreed to accept the proposal and to continue consideration for a more detailed report.

13. Audit Charges 2005/6 Audits

There was submitted a report by the Director of Audit Strategy setting out the principal assumptions used in the construction of Audit Scotland's outline budget for the financial year 2006/7 and proposing audit charges for the 2005/6 audits. After discussion about the impact of the budget proposals on audit fees for individual councils the Commission agreed to approve the charging proposals as set out in the report.

14. Audit Scotland Financial and Performance Information

There was submitted and noted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland to 30 September 2005.

15. Meeting Dates 2006

There was submitted a report by the Secretary proposing a programme of meetings for the Commission and its committees in 2006. The Commission agreed that the ordinary Commission meeting in September 2006 should take place on 20 September and that further consideration should be given to the starting time of some of the meetings but otherwise to approve the schedule of meetings as submitted and as contained in Appendix 3 to these minutes.

Council	Members		At Meeting
Angus	Isabelle Low	Jean Couper	Alastair MacNish
North Ayrshire	Alan Alexander	Ann Faulds	Alastair MacNish
Shetland	Keith Geddes	Alan Alexander	Alastair MacNish
Inverclyde	Isabelle Low	Iain Robertson	Alan Alexander
Stirling	Keith Geddes	Peter McKinlay	Isabelle Low
West Lothian	John Baillie	Alyson Leslie	Isabelle Low
Dundee	Isabelle Low	Jean Couper	Mahendra Raj
East Renfrewshire	John Baillie	Ann Faulds	Isabelle Low
Glasgow	Iain Robertson	John Baillie	Alastair MacNish
Moray	Peter McKinlay	Mahendra Raj	Isabelle Low
Highland	Alyson Leslie	Keith Geddes	Alastair MacNish
Argyll and Bute	Jean Couper	Ann Faulds	Alastair MacNish
West Dunbartonshire	Iain Robertson	Keith Geddes	Alastair MacNish
East Ayrshire	John Baillie	Peter McKinlay	Isabelle Low
Renfrewshire	Owen Clarke	Alan Alexander	Alastair MacNish
Western Isles	Mahendra Raj	Alan Alexander	Alastair MacNish
Police	Keith Geddes	Owen Clarke	Alastair MacNish
Edinburgh	John Baillie	Jean Couper	Alastair MacNish
Borders	Alyson Leslie	Iain Robertson	Isabelle Low
Orkney	Alyson Leslie	Peter McKinlay	Isabelle Low
Clackmannan	Mahendra Raj	Ann Faulds	Isabelle Low

ACCOUNTS COMMISSION

MEETINGS 2006

Accounts Commission

January	18	Argyll & Bute Best Value Report
	25	FAA Committee – Overview Report Key Messages
February	7/8	Commission Strategy Seminar and meeting – Procurement
	15	PA Committee – study briefs on Fire, Equalities, Youth Justice
March	8	Commission meeting – Teaching Profession for 21 st Century, Overview Report
	22	Commission meeting – Best Value reports – W. Dunbartonshire, E. Ayrshire
April	12	Commission meeting - Procurement
	26	Commission meeting – Best Value reports – Renfrewshire, W. Isles
May	10	Commission meeting
	17	PA Committee – study brief on PFI schools, SPI consultation
	24	Commission meeting – Best Value report - Police
June	7	Commission meeting – Annual Report
July	5	FAA Committee
	12	Commission meeting
	19	Commission meeting – Best Value reports – Edinburgh, Borders
August	23	Commission meeting – Best Value reports – Orkney, Clackmannan
September	13	Commission meeting
	27	PA Committee – key messages Waste Management, Fire; study brief Civilian Community Planning
October	11	Commission meeting
November	8	Commission meeting – SPI Direction
	15	Commission meeting – Best Value reports
	22	FAA Committee
December	6	PA Committee
	13	Commission meeting
	20	Commission meeting – Best Value Reports

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 16 November 2005
at 10.30am.

PRESENT: A MacNish (Chair)
A Alexander
O Clarke
J Couper
K Geddes
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Best Value Audit of Inverclyde Council

1. Apologies

Apologies for absence were intimated on behalf of John Baillie, Ann Faulds and Alyson Leslie.

2. Best Value Audit of Inverclyde Council

There was submitted a report by the Secretary introducing the Controller of Audit's progress report on the Best Value audit of Inverclyde Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. After discussion the Commission agreed

- i. to make findings as contained in the Appendix to these minutes;
- ii. to require the Controller of Audit to make a further progress report on the Best Value audit of Inverclyde Council as at 31 March 2006, and
- iii. not to seek a meeting with representatives of Inverclyde Council at this stage.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE PROGRESS REPORT ON INVERCLYDE COUNCIL
FINDINGS

1. When the Commission made findings on the Best Value report on Inverclyde Council in June 2005 it required a further report by the Controller of Audit on immediate steps taken by the Council as at 31 October 2005 and the Commission accepts this report as fulfilling that requirement. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. The Commission accepts the conclusion of the report that the conditions are now in place to expect major change at Inverclyde Council. It also, however, accepts that greater assurance is required on the matters set out in paragraph 35 of the report.
3. In its findings in June the Commission set out its recommendations for the Council to recover and the challenges involved in this level of recovery should not be underestimated. Although the circumstances of the last five months may have limited the tangible progress that could be made, the Commission is concerned about the continued pressure on front-line staff and the need to deliver high quality services to the people of Inverclyde. It is difficult to see how the recovery process can be driven as it should under the present part-time Interim Management Arrangements.
4. It is vital therefore, that the Council increase the momentum of its drive for change. In particular, the Commission urges the Council to –
 - Immediately begin the process for the recruitment of a new Chief Executive and carry it to conclusion as quickly as possible consistent with sound recruitment practices
 - Immediately draw up a robust project plan with key milestones and timescales to cover the next 12-18 months, including measures to address the matters set out in paragraph 35 of the report
 - Ensure that the Interim Management Arrangements are strengthened to address all of the needs of the council at this time.
5. The Commission supports the council in its moves to address the issues but must see action on the important areas outlined above robustly and urgently taken. The Commission will continue to monitor the situation and requires a further report by the Controller of Audit on progress as at 31 March 2006 when it will give consideration to any further measures which need to be taken.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 14 December 2005
at 10.30am.

PRESENT: A MacNish (Chair)
J Baillie
O Clarke
A Faulds
K Geddes
I Low
P McKinlay
M Raj

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director, Audit Services
D Pia, Director of Performance Audit (Local Government)
W F Magee, Secretary
J Gillies, Communications Manager
N Bamforth, Assistant Director Performance Audit (item 8)
M Walker, Best Value Audit Manager (item 8)
A Taylor, Portfolio Manager, Performance Audit (item 11)
D McGiffen, Director of Corporate Services (items 12 and 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chairman's Introduction
4.	COSLA
5.	Deputy Auditor General
6.	Managing Director of Audit Services
7.	Performance Audit Committee
8.	Best Value Audit of Glasgow City Council
9.	Best Value Audit of Stirling Council
10.	Best Value Audit of Dundee City Council
11.	Statutory Performance Indicators
12.	Race Equality Scheme and Diversity Update
13.	Communications Audit

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander, Jean Couper, and Alyson Leslie.

2. Minutes

The minutes of meetings of 9 and 16 November 2005 were submitted and approved.

3. Chairman's Introduction

The Chairman referred to a number of matters of current interest, including

- His recent presentation on the Best Value experience to date at a conference which was also addressed by the Minister for Finance and Public Service Reform
- Continuing consideration of issues relating to the co-ordination of inspection, audit and regulation in local government and the wider public sector.

4. COSLA

There was submitted and noted a note of meeting of 1 December 2005 attended by representatives of the Commission and of COSLA to discuss issues of common interest including –

- Best Value
- Modernised Audit
- Statutory Performance Indicators
- Forthcoming reports
- Fees
- Reserves.

5. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including the reaction to the publication of the complete statutory performance indicators on Audit Scotland's website.

6. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of recent events including his meeting with Directors of Finance in local government.

7. Performance Audit Committee

There were submitted the minutes of meeting of the Performance Audit Committee of 7 December 2005. In discussion Isabelle Low referred to some particular matters –

- The desire to achieve a balanced publication programme throughout the year
- The Committee's wish that key messages from study reports should be highlighted in a brief format
- The continuing need to involve study sponsors as work proceeds.

The Commission noted the minutes, subject to the addition of Alastair MacNish to the sederunt, and approved the recommendations contained therein.

8. Best Value Audit of Glasgow City Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Glasgow City Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value team answered questions from members. Reference was made to comments submitted before the meeting by Jean Couper. After discussion the Commission agreed to continue consideration of this item to a future meeting.

9. Best Value Audit of Stirling Council

There was submitted and noted a note of meeting with Stirling Council representatives held on 10 November 2005 as a follow-up to the publication of the Commission's findings on the report of the Best Value audit of that Council.

10. Best Value Audit of Dundee City Council

There was submitted a note of meeting with representatives of Dundee City Council held on 15 November 2005 to follow up the Commission's findings on the report of the Best Value audit of that Council. After discussion the Commission agreed to require a further report by the Controller of Audit on progress made by Dundee City Council on the matters referred to in the Best Value audit report and findings as at the end of December 2006.

11. Statutory Performance Indicators

There was submitted a report by the Director of Performance Audit (Local Government) referring to the Commission's decision in September 2005 to revise the arrangements for its publication of information on Statutory Performance Indicators. The report set out three options for the future publication arrangements. After discussion the Commission agreed that the SPI information should be included in the Overview Report on Local Authority Accounts, including some discussion of key points emerging from the indicators.

12. Race Equality Scheme and Diversity Update

There was submitted a report by the Director of Corporate Services referring to the Accounts Commission's Race Equality Scheme and outlining steps being taken in Audit Scotland to introduce the Diversity Excellence Model. The report recommended that a full review of the Accounts Commission's Race Equality Scheme should take place as part of the process of introducing this model which will provide a strategy and framework for implementing and measuring diversity. In the meantime the Commission's most relevant functions under the Race Equality Scheme had been reviewed and an update was proposed for publication on the Audit Scotland website. In discussion it was agreed that the reference in the update to an Equality Scheme should be replaced by a reference to a Diversity and Equality Plan. Thereafter the Commission approved the proposals contained in the report.

13. Communications Audit

There was submitted a report by the Communications Manager introducing the results of a limited sample communications audit of stakeholders and clients which had been carried out to help inform discussion of future communications strategies. A summary of the findings of the audit accompanied the report. In discussion of the report a number of points were made –

- It was noted that there are different perceptions of Audit Scotland, the Auditor General and the Accounts Commission but these are marginal
- The recommendations contained in the summary of the audit are worthy of consideration by Audit Scotland
- It is always important to emphasise the independence of the Commission in any communications strategy.

Thereafter the Commission noted the report.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 21 December 2005
at 10.45am.

PRESENT: A MacNish (Chair)
J Baillie
O Clarke
J Couper
K Geddes
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Performance Audit (Local Government)
W F Magee, Secretary
R Nicol, Assistant Director of Performance Audit
G Neill, Best Value Audit Manager

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Best Value Audit of Moray Council

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander, Ann Faulds and Alyson Leslie.

2. Best Value Audit of Moray Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Moray Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the Best Value team answered questions from members. After discussion the Commission agreed to make findings as contained in the Appendix to these minutes.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE AUDIT OF MORAY COUNCIL

FINDINGS

1. The Commission accepts this report on the performance of Moray Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. Moray Council has lacked effective corporate leadership and direction and has been an inward looking and isolated organisation where small parochial issues overwhelmed any consideration of strategic direction. Recently changes in leadership and direction indicate that a new approach is being adopted towards leadership and management of the authority. However, this report describes a Council which has a long way to go to be in a position to deliver Best Value for its area and inhabitants.
3. The available evidence, which is limited because, for example, of the lack of reliable performance management information, suggests considerable variation in service performance, and the report makes clear that there are important weaknesses in leadership and direction by both elected members and senior management. Important examples are –
 - A lack of clear strategic direction based on knowledge of community and user needs
 - A lack of effective systems for monitoring and reporting service performance
 - Too many projects not effectively controlled
 - Many DLO and DSO contracts have not been tested by competitive tendering since the early or mid 1990s.
4. The Commission's view is that there are a number of requirements which the Council will have to meet if it is to deliver Best Value by continuous improvement of the services it provides. These include –
 - Identify clear priorities and concentrate on the essential steps to achieve them
 - Develop political and corporate leadership skills in councillors and senior management
 - Implement the consistent use of a comprehensive performance management framework.
5. It is unlikely that the Council can undertake this task without securing appropriate external assistance, both on a consultancy basis and at a governance level from elected member and chief executive peers.

6. The Commission looks forward to receiving an Improvement Plan from Moray Council to address the report and the Commission's findings. The Commission will continue to monitor the situation and requires a further report by the Controller of Audit on steps taken by the Council as at 31 January 2007.

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 21 December 2005
at 10.30am.

PRESENT: A MacNish (Chair)
 J Baillie
 O Clarke
 K Geddes
 I Low
 P McKinlay
 M Raj

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
 W F Magee, Secretary

1. Best Value Audit of Glasgow City Council

With reference to paragraph 8 of the minutes of meeting of 14 December 2005 the Commission resumed consideration of the Controller of Audit's report on the Best Value audit of Glasgow City Council. After discussion the Commission agreed to make findings as contained in the Appendix to these minutes.

ACCOUNTS COMMISSION FOR SCOTLAND**BEST VALUE AUDIT OF GLASGOW CITY COUNCIL****FINDINGS**

1. The Commission accepts this report on the performance of Glasgow City Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. Glasgow City Council is Scotland's largest Council. The Commission acknowledges that the Council faces significant and complex social and economic challenges. The Council demonstrates vision and strategic direction, a positive attitude and commitment to radical change and clear leadership from members and officers. This gives the Council a solid foundation to build on. The Commission is encouraged by the rate of improvement which the Council has made in recent years on many indicators and urges the Council to maintain its focus on –
 - Improving performance in key areas
 - Getting the right political and managerial structures in place
 - Developing Community Planning arrangements
 - Further developing more balanced public performance reporting.
3. The Council has a good level of self awareness and recognises the areas in which it needs to improve. The Commission lays particular emphasis on the following areas –
 - Good mechanisms and arrangements are not an end in themselves but tools to secure optimum impact and thus improved outcomes for the people of Glasgow, whose health, educational attainment and employment levels remain low compared with the rest of Scotland. For example, educational attainment has, in general, been poor across Glasgow's schools and while there have been improvements in some areas over recent years, attainment levels remain below the Scottish average. The Council has set ambitious targets and faces a significant challenge in achieving them. It will be important for the Council to sustain its focus on improved outcomes for its citizens
 - The Council employs over 38,000 people each of whom can be a key ambassador for the Council's ambitions. While the modernising employment agenda has already produced some results the Council needs to place greater emphasis on corporate workforce planning, more effective human resources systems and improving how it manages and engages with its staff
 - In order to deliver the outcomes which they set out to achieve, the Council must also ensure that the full value of effective partnership working is realised
 - The Council has an extensive portfolio of assets. It needs to have comprehensive asset management plans in place in order to demonstrate efficient use of its assets as well as identifying clear and risk based priorities for future investment.

4. The Commission agrees that the improvement agenda set out in paragraph 227 of the report provides the ability to build on the momentum for improvement which already exists.
5. The Commission looks forward to receiving an Improvement Plan from the Council which responds to the audit report on these findings by 15 March 2006. The Commission requires a progress report on the matters dealt with in the Best Value audit as at 31 December 2008