

Annual report

2012/13

Who we are

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland’s councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.



You can find out more about our role, powers and meetings on the Accounts Commission web pages.



The current members of the Commission are listed on page 9 of this report.

Our year



32
council
annual audits



100%
of audits
completed on time



33
joint boards and
committee
annual audits



4
New CPP audits
completed



2
Police and
fire national
overview reports

Chair's message

Local government in Scotland has faced another year of change and financial stringency. The Accounts Commission plays an important and impartial role in providing independent assurance on how local government has faced these challenges.

It is encouraging that the Commission can report that accounts for all councils in Scotland were in order this year. This is at the core of our assurance role.

We continued our role in auditing Best Value in a range of local authorities, including completing our audits of police and fire authorities. This work helps provide a picture on how local government is improving its services.

Last year, the government asked that the Commission consider how to assess the performance of Community Planning Partnerships (CPPs). I am pleased to report that we have been working closely with our scrutiny partners, including the Auditor General for Scotland and with our community planning partners, in developing an audit to this end. I hope that our first three reports and the accompanying report on community planning from a national perspective, can contribute positively to the drive by national and local government and other players from different sectors to ensure that community planning delivers better outcomes for local communities. We will continue to be part of that effort.

My six-year term as chair of the Accounts Commission ends this year, so this is my last annual report. I have seen substantial development in the activities of the Commission during my term and I am heartened by improvements on many fronts. For example, good progress has been made by the local government community in response to the Commission proposing that councils develop their own benchmarked performance information. We have worked jointly with our scrutiny partners to make our collective scrutiny and inspection

more coordinated and effective, resulting in significantly less duplication of corporate scrutiny activity. We have also reshaped how we audit Best Value, resulting in a more risk-based and proportionate approach. But there is always more work to be done.

In holding to account and encouraging improvement, it is important to stress that local government in Scotland has many real strengths including its many able and committed people.

The people of Scotland deserve the very best in public services, and delivery depends both on the determination, hard work and enterprise of those providing them and also on effective scrutiny. The Commission is a vital and respected player in that relationship.

Finally, I wish to thank my fellow commissioners, colleagues in Audit Scotland for their dedication and hard work in support of the Commission and its work. I also wish to thank the Auditor General for Scotland for her support and help.

It has been a considerable privilege for me to have served as chair and to have worked with them.

John Baillie

Chair of the Accounts Commission



Our context

Our annual overview report *Responding to challenges and change* looks back at how Scotland's 32 councils have done over the past 12 months and also at the issues they face in the year ahead.

Local authorities spent a total of £18.7 billion providing a range of essential local services and most councils are predicting substantial funding gaps over the next three years.

The 2011/12 accounts for all councils and other local authority organisations, including the 11 local authority-administered pension funds, were presented for audit on time and signed off by auditors without qualification.

The overview highlighted the continuing financial squeeze facing all councils. We encouraged them to review existing services and identify fresh ways of providing them – working with their partners, sharing skills and resources, and keeping close tabs on budgets to ensure every pound is spent wisely.

We noted that reserves held by local authorities have increased, but these can only be used once. Councillors and the public needed clear information on why reserves are built up and what the council intends doing with them.

The Commission said it was difficult to overstate the potential implications of welfare reform. Councils were taking this very seriously and responding well, but there are major challenges for councils in putting the new benefits arrangements in place.

Councils also have a central role in public service reform. The new single services for police and fire and rescue, and plans to integrate health and social care, are among other changes which present both challenges and opportunities for councils.

The report also highlighted new leadership. More than a third of councillors elected last May were new to local government and about a third of councils had appointed a new chief executive in the last two years. These changes provide an opportunity for fresh ideas and renewed impetus for improvement.



£18.7 billion
Spending by Scotland's
councils in 2012/13



6 performance audits

5 Best Value police audits

4 CPPs

2 Best Value 2 audits

2 'How councils work' reports

1 Best Value fire and rescue audit

Our work

Last year was one of the busiest ever for the Accounts Commission, where much of our work was closely involved in the arena of public sector reform.

We completed the series of individual Best Value audits for police and fire and rescue authorities, each with an improvement plan to maintain momentum and ensure a smooth handover to the new single police and fire bodies in April 2013.

The police reports were carried out jointly with Her Majesty's Inspectorate of Constabulary for Scotland.

The wider lessons were incorporated in separate national overviews of both the police and the fire and rescue services. This provided a useful foundation for the new single bodies to build their own structures, retaining necessary continuity and good practice, particularly with regard to local accountability.

The Commission was invited by the Scottish Government to lead a new strand of work to audit Community Planning Partnerships (CPPs). Community planning was introduced a decade ago with the aim of bringing councils, health boards and other public, business and voluntary bodies together to tackle complex problems in local communities.

The first three community planning audits were Aberdeen, Scottish Borders and North Ayrshire.

These reports and other audit information helped inform a national overview which concluded that CPPs had not met the ambitious goals set for them, but with the right leadership and support, could make big inroads to achieving them in the future.

Our work (continued)

The Commission said community planning was now at a cross-roads. A fresh drive to realise its full potential, particularly in the light of severe budget pressures on all public services, has been outlined in a Statement of Ambition from the Scottish Government and the Convention of Scottish Local Authorities.

The report was welcomed by the National Community Planning Group as a basis for further action.

Scrutiny and improvement

Our work attracted sustained interest throughout 2012/13.

There was continuing coverage of the Highlands and Islands Fire and Rescue Service in the light of the Commission's report in March 2012, which identified serious concerns on the sustainability of the service.

The chair and other Commission members attended a public meeting of the newly appointed Highlands and Islands Fire and Rescue Board to discuss the report's findings and how improvements could be made.

A statutory report was published in September on the retirement and re-employment of the Chief Officer of Strathclyde Fire and Rescue Service. The Commission pointed to systemic failures in the handling of this issue. We said the processes followed by the Strathclyde Fire and Rescue Joint Board fell short of acceptable standards and governance. Our findings highlighted clear guidance for all councils to follow in dealing with similar issues.

As well as scrutiny, the Commission values its pivotal role in helping local authorities improve and achieve Best Value in the services they provide to their communities.

We include recommendations and key messages in individual reports but also seek to encourage good practice on a broader front through our 'How councils work' series.

Two reports in the series were published providing practical advice on cost information and managing performance in councils.

Both attracted interest and significant downloads from our website.

It is encouraging that councillors and council officers value these reports and that they can point to demonstrable impact in improving services for the public.

This was also the thrust of our *Protecting consumers* report, which warned of the longer-term threat to consumer services in the face of increasing demands and reductions in staff numbers and expertise particularly of trading standards officers.

It was a timely reminder of the importance of council services at the sharp end – protecting the public from rogue traders and Internet scams.

Two other reports, *Health inequalities in Scotland* and *Reducing reoffending in Scotland*, jointly published by the Commission with the Auditor General for Scotland, were also widely reported.

Working with others

The Commission is keen that it improves how it does its own work. The Commission works closely with the other inspectorates in Scotland to achieve sharper focus on potential risks that lie ahead, so that issues facing councils can be addressed sooner and more effectively.



Our work (continued)

Much has been achieved streamlining the system through a national scrutiny plan and strategic risk assessments for each council.

This has led to much better coordination between the other scrutiny bodies, including Education Scotland, Care Inspectorate, Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary for Scotland, Fire and Rescue Service Chief Inspector and Health Care Improvement Scotland.

It has also helped the Commission target its Best Value work and reduce the overall burden of scrutiny on councils. They are making greater use of scrutiny and assessing their own performance, backed up by robust supporting evidence. We welcome this.

Midlothian Council was the subject of a Best Value audit which found it had made good progress improving services over the last four years. It still faced challenges but now was better placed to address them.

Reports following up previous audits of Comhairle nan Eilean Siar and Aberdeenshire Council's housing and benefits service also showed improvements.

The Commission saw good progress in the northernmost local authority. Shetland Islands Council has been a concern for the Commission for some time. Our public hearing, held in Lerwick in June 2010, led to the council producing and then implementing an improvement plan.

The progress report in January 2013 pointed to significant improvements all round. We were also encouraged that the council's financial statements have been given an unqualified opinion by the external auditor for the first time since 2004/05.



Our stakeholders

The Commission belongs to the wider local government community in Scotland. Our role as independent watchdog is not simply a narrow one.

Over the course of the year, we met with various councils, joint boards and representatives of councils.

The Commission provided briefings to Parliamentary committees to talk through issues such as fire and police reform and community planning. It has also had regular informal discussions and meetings with Scottish ministers, MSPs, and key figures from local government.

We welcomed guest speakers to our monthly meetings, including the Minister for Local Government and representatives from the Improvement Service and the Society of Local Government Chief Officers who demonstrated their new performance information benchmarking project.

The Commission is encouraged by this benchmarking initiative. We have worked with councils to encourage them to publish their own performance information. This enables councils to make important decisions on spending and being able to compare with other local authorities. It also gives the public a clearer picture on how their own council's services are performing. The first set of benchmarking information was published during the year and represents a good start.

We appreciate the work of Audit Scotland and our partners, the Auditor General for Scotland and other scrutiny bodies, in helping us make so much progress throughout the year. Our aim is to continue our momentum.



Our members

The Accounts Commission currently has 12 members, all of whom are appointed by Scottish ministers. The Commission meets approximately monthly and its meetings are open to the public.



John Baillie
Chair of the
Accounts
Commission



Douglas Sinclair
Deputy Chair of
the Accounts
Commission



Michael Ash



Alan Campbell



Sandy Cumming



Colin Duncan



James King



Christine May



Bill McQueen



Colin Peebles



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June 2013

ISBN 978 1 909705 05 0