

Strategic Alliance with the Improvement Service: Annual Review

Policy Manager to the Commission

Item 6
Meeting date: 12 October 2023

Purpose

1. This report reviews the Strategic Alliance between the Commission and the Improvement Service (IS) and proposes joint priorities for the next 12 months.

Recommendations

2. The Commission is invited to:
 - Note the progress of the Strategic Alliance between the Accounts Commission and IS;
 - Restate and underline its commitment to the Strategic Alliance;
 - Consider whether the signatories on the Strategic Alliance should be amended to the current Chair of the IS Board and, once in post, the new Chair of the Accounts Commission;
 - Agree to retain and further develop the joint priorities agreed as a basis for the Alliance;
 - Agree that we will work with the Improvement Service to review progress in 12 months' time; and
 - Offer any feedback on the report for consideration by the Improvement Service Board.

Background

3. At their respective March 2021 meetings, the Commission and the IS Board each approved a Joint Statement of Intent for a Strategic Alliance between the Commission and the IS, and agreed joint priorities for the following 12 months. The Joint Statement is in **Appendix 1**.
4. It was also agreed by the IS Board and the Accounts Commission that both would jointly review progress in delivering the Strategic Alliance at the end of the first 12 months of its operation. The outcome of the review was presented to the Commission at its meeting in April 2022. Given the change in Board membership after the local elections, the IS Board considered the outcome of the review at its first subsequent meeting, in October 2022.
5. As part of their reviews of progress, the Commission and the IS Board both restated and underlined their commitment to the Alliance, and agreed to retain the original (March 2021) priorities. They also agreed to a further review in 12 months' time; the findings of that review were reported to and endorsed by the IS Board at its meeting in September 2023, and are presented here for the Commission's consideration and approval.

Progress

6. A summary of progress against the priorities that form the basis of the Alliance is set out in **Appendix 2**. Some key highlights include:
- The IS was actively involved in all Commission overview reports and performance audits which have taken place over the last 12 months.
 - The Commission continued to actively signpost councils to relevant improvement support available from the IS following their Best Value Assurance Reports.
 - The Accounts Commission and IS co-hosted an online event for elected members, on 1 June 2023, about the Local Government in Scotland Overview 2023 report.
 - The Accounts Commission and IS co-hosted the first of a series of online events for elected members on the Commission's How Councils Work (HCW) reports, on 7 September 2023.
7. It is proposed that the Accounts Commission and IS Board agrees to retain the priorities set out in **Appendix 2**, with a further review in 12 months' time. Given the flexible and dynamic nature of the work programme, further opportunities for collaborative working will be a core feature of ongoing dialogue between the IS Chief Executive, the Executive Director of Performance Audit and Best Value (PABV) and the Controller of Audit (CoA).

Next Steps

8. Within the priorities set out in the Strategic Alliance, we anticipate that across the next 12 months, there will be opportunities to collaborate on matters such as:
- The Local Government Benchmarking Framework (LGBF) and the Commission's Statutory Performance Information (SPI) Direction, which is due to be reviewed by the Commission by the end of 2024.
 - The Verity House Agreement, particularly in relation to future local government accountability and assurance arrangements, building on the arrangements already in place around local audit and Controller of Audit Best Value reporting.
 - Annual national thematic Best Value reports and s102 Best Value reporting, particularly in relation to the IS working with the Commission to raise awareness of the refreshed approach to Best Value with elected members, and the Commission signposting relevant improvement support offered by the IS.
 - Transformation and innovation, including considering the impact of the Solace/IS transformation work on future audit and inspection, the use of the LGBF to drive local improvement, as well as digital and data enabled transformation.
 - Partnership working, given the recommendations arising from the Scottish Parliament's Community Planning Inquiry: Post-Legislative Scrutiny of the Community Empowerment Act 2015 and the increased emphasis that the Verity House Agreement places on Community Planning Partnerships acting as a vehicle for aligning local resources, supporting the shift towards prevention and delivering shared priorities.
 - Further development of Local Government's approach to sector-led improvement and how that relates to independent audit and inspection.

9. Whilst we are recommending that both the Commission and the IS Board restate and underline their commitment to the Alliance, we are conscious that it was signed by a previous interim Chair of the Accounts Commission and the previous Chair of the Board. The Commission and the IS Board are therefore being asked to consider whether we should update the signatories on the Strategic Alliance to the current Chair of the IS Board and, once in post, the new Chair of the Commission.

Conclusion

10. The Commission is invited to:

- Note the progress of the Strategic Alliance between the Accounts Commission and IS;
- Restate and underline its commitment to the Strategic Alliance;
- Consider whether the signatories on the Strategic Alliance should be amended to the current Chair of the IS Board and, once in post, the new Chair of the Accounts Commission;
- Agree to retain and further develop the joint priorities agreed as a basis for the Alliance focusing on the areas of potential collaboration set out in para 8 above;
- Agree that we will work with the Improvement Service to review progress in 12 months' time; and
- Offer any feedback on the report for consideration by the Improvement Service Board

Appendix 1: Joint Statement of Intent



Strategic Alliance between the Accounts Commission and Improvement Service A Joint Statement of Intent

The purpose of this joint statement is to outline the respective roles of the Improvement Service and Accounts Commission in improvement, and how we will work together formally on matters of mutual interest.

Both organisations have unique roles within Scottish Local Government – the Accounts Commission is responsible for securing the audit of Local Government, whilst the Improvement Service is the improvement arm of the Local Government family. Given the unprecedented challenges facing Local Government and its communities, and the need to accelerate transformation, it is essential that both organisations work together systematically, and in a way that retains the integrity of each organisation, to generate collective momentum for improvement.

About our organisations

Accounts Commission

The [Accounts Commission](#) is the public spending watchdog for Scottish Local Government, holding councils to account and helping them to improve. While the 12 members are appointed by Ministers, the Commission operates independently and reports to the public. It is responsible for securing the audit of Scottish Local Government and of Integration Joint Boards (IJBs).

The Commission uses its powers in two main ways. Firstly, the audit of individual councils and IJBs, including the annual audit and Best Value auditing. Secondly, national reporting on the performance of councils and IJBs including performance audits and sector overview reports. These performance audits can sometimes be undertaken jointly with the Auditor General for Scotland (AGS) who is responsible for auditing the Scottish Government, government agencies, NHS bodies, further education colleges and most NDPBs.

While the Commission's core function is to provide assurance to the public about the probity and performance of Scottish Local Government, the Commission also aims to contribute to the improvement of the sector and of wider outcomes. It does this in a range of ways. Firstly, through improvement recommendations made by appointed auditors in their annual audit of individual councils and IJBs. Secondly, through improvement recommendations and the promotion of good practice as part of its national programme of performance audit work and Best Value auditing. Thirdly, through the Commission's series of *How Councils Work* reports which aims to stimulate change and provide practical support to help councils continue improving their performance.

Audit Scotland was established in 2000 to provide audit services to the Accounts Commission and Auditor General Scotland. In addition, therefore, to this strategic alliance with the Accounts Commission, the Improvement Service also enjoys a close operational relationship with Audit Scotland in its work.

Improvement Service

The [Improvement Service](#) is the 'go-to' organisation for Local Government Improvement in Scotland, with a remit to work collaboratively to deliver improvement support to help councils and their partners improve the health, quality of life and opportunities of all people in Scotland through community leadership, strong local governance and the delivery of high quality, efficient services. The purpose of the Improvement Service is to:

- Provide leadership to Local Government and the wider system on improvement and transformation;
- Develop capability and capacity for improvement within Local Government;
- Deliver national improvement programmes for Local Government and partners and support councils to improve at a local level;
- Provide research, data and intelligence to inform Local Government's policy-making and decision-making and to drive improvement;
- Deliver national shared service applications and technology platforms; and
- Broker additional resources to support the delivery of Local Government's priorities.

Purpose of our Strategic Alliance

The Accounts Commission and Improvement Service are committed to working together on matters of mutual interest, where it is appropriate and sensible to do so, and where collaborative gain will be derived for Scottish Local Government. We will:

- Generate collective momentum for improvement through targeted joint work in areas of strategic importance to Local Government. These areas include responding to the economic and social impact of the global Covid-19 pandemic, employability and fair work, child poverty, climate change, health and social care integration, community empowerment, digital transformation, collaborative leadership, equalities and governance.
- Use our unique and distinct roles to inform, facilitate and support each other's work. For example, data and intelligence gained through IS work will be used to inform audit work undertaken by the Accounts Commission, and recommendations from audit work will be used by the Accounts Commission to signpost IS support to local authorities.
- Consult with each other as we develop our annual Business Plans and work programmes, to identify opportunities to work together to secure collaborative gain and maximise the impact of our improvement work in Local Government.
- Engage jointly with elected members in areas of mutual interest such as community empowerment, options appraisal, partnership working, and effective scrutiny.
- Deliver collaborative events, such as workshops, round-tables, and webinars as appropriate, in priority areas for Local Government.

How we will work together

We will use our Strategic Alliance to work together to create traction and momentum for our partnership, recognising that it will be organic in nature and evolve and mature over time. This will involve regular discussions between the IS and Commission members in areas of shared priority, as well as colleagues from both organisations working jointly on shared pieces of work where it is appropriate to do so.

We will use this Strategic Alliance to capitalise upon the complementary strengths, skills, experience, knowledge and assets available within our respective organisations, as we work together more formally

on matters of mutual interest. In doing so we will recognise and respect the distinct roles and responsibilities of our respective organisations as we work together.

Governing our Strategic Alliance

Progress against the delivery of our Strategic Alliance will be governed by the Improvement Service Board and Accounts Commission. We will review the progress we have made in delivering our shared ambition on an annual basis.

Elma Murray OBE
Interim Chair of Accounts Commission

Councillor Alison Evison
Chair of Improvement Service Board

Appendix 2: Summary of progress

Summary of progress with the delivery of the Strategic Alliance since September 2022

Priority	Progress
<p><i>The Accounts Commission (AC) and Improvement Service (IS) will consult with each other on their annual work programmes/ Business Plans to identify opportunities for collaborative working</i></p>	<ul style="list-style-type: none"> • As part of the development of the IS' new Strategic Framework, the IS met with the Chair of the Accounts Commission to seek his views on future IS priorities. • The Accounts Commission consulted the IS (alongside a range of other local government bodies) on its 2023/24 work programme. The IS provided a constructive and helpful response to the consultation exercise. • The IS Chief Executive and relevant Audit Scotland Staff (Executive Director of Performance Audit and Best Value (PABV) and the Controller of Audit (CoA)) have used their regular catch up meetings throughout the year to ensure that appropriate connections are made between relevant Audit Scotland and IS staff in relation to the Accounts Commission and IS work programmes, including new work that has emerged in-year through the Commission's dynamic work programme.
<p><i>The IS will participate in Advisory Groups established to oversee the development of the annual Local Government Overview reports on finance and challenges and performance and other relevant audit work which directly links to IS programmes, and will contribute relevant data, intelligence and case studies</i></p>	<p>Audit Scotland, on behalf of the Commission, has actively involved the IS in all local government related overview reports and performance audits which have taken place over the last 12 months, including:</p> <ul style="list-style-type: none"> • IS participation in the advisory groups on the Local Government in Scotland Overview 2023 and Local Government in Scotland Financial Bulletin 2021/22 reports. The Accounts Commission referred to IS reports, data analysis and case studies in these reports, where relevant and helpful. • The IS contributed to the Accounts Commission's report on 'Early Learning and Childcare: Progress on the delivery of the 1,140 hours expansion'. This report referenced data analysis undertaken by the IS on early learning and childcare expansion. • The IS provided feedback on the Accounts Commission's Briefing Paper on Scotland's Councils' approach to addressing climate change. This was a catalyst for the IS, Audit Scotland and Sustainable Scotland Network meeting in February to scope how to potentially work together on climate change. There are now regular catch-ups in the diary between the three organisations. • Audit Scotland shared the emerging messages of its Best Value Legacy report with the IS for feedback and for including reference to work undertaken by the IS with local authorities pre and post Best Value Assurance Report (BVAR). • The IS will contribute to the performance audit which has just commenced on digital exclusion.
<p><i>The AC will signpost councils to the support available from the IS following Best Value audit work</i></p>	<ul style="list-style-type: none"> • In meetings with councils to discuss their published BVARs, the Accounts Commission continued to actively signpost councils to relevant improvement support available from the IS. This has resulted in the IS, for example, providing support to councils on self-assessment and improvement planning, and on member/officer roles and relationships.

Priority	Progress
<i>The AC will involve the IS in its approach to developing a Best Value audit approach for Integration Joint Boards (IJBs)</i>	<ul style="list-style-type: none"> • The IS was actively involved in the Commission’s Best Value in IJB development work, including offering advice on IJB self-evaluation activity. Given the National Care Service (Scotland) Bill, the Accounts Commission has ceased its work to develop a Best Value audit approach for IJBs. However, Audit Scotland continues to actively engage with the IS on the Commission and Auditor General Scotland’s wider programme of health and social care-related audit work (e.g. briefings, overviews and performance audits).
<i>The IS will provide briefings to the AC on outcome areas that it is delivering improvement support in</i>	<ul style="list-style-type: none"> • The IS accompanied the Chair of the LGBF Board to a meeting with the Accounts Commission on the LGBF Overview Report and to discuss future strategic priorities for the LGBF. • The AC Secretary signposts relevant IS work and reports in their monthly update report on significant recent activity relating to Local Government. These updates are taken from the IS Newsletter and IS Leaders’ Newsletter.
<i>The AC will provide periodic briefings to the IS Board on the key themes arising from its Local Government audit work, to help inform future Local Government improvement planning</i>	<ul style="list-style-type: none"> • This is an area where limited progress has been made with the Strategic Alliance over the last year other than the Chair of the Accounts Commission attending the IS Board meeting in October 2022 to discuss the Strategic Alliance.
<i>The AC and IS will co-host two events in areas of mutual interest</i>	<ul style="list-style-type: none"> • The Accounts Commission and IS co-hosted an online event for elected members on 1st June 2023 on the Local Government in Scotland Overview 2023 report. This was a highly participative and well attended event, and provided the Accounts Commission (the Vice Chair and another Commission member attended) and IS with an opportunity to engage directly with elected members on the report and to identify areas where further improvement support would be helpful. • The Accounts Commission and IS will deliver a number of online events for elected members in Autumn 2023 on the Accounts Commission’s ‘How Councils Work’ reports.
<i>The AC and IS will consider opportunities for co-produced elected member briefings and/or elected member webinars in areas of mutual interest</i>	<ul style="list-style-type: none"> • This is an area where some progress has been made with the Strategic Alliance over the last year – see the two actions highlighted above. However, a longer-term programme of collaborative work in this area is not yet currently in place.