

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 <sup>st</sup> 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 2<sup>nd</sup> March.
- He will participate in the CIPFA in Scotland Annual Conference on 10<sup>th</sup> 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 1<sup>st</sup> 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 21<sup>st</sup> 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 21<sup>st</sup> 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 SPLs

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 SPLs) 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 12<sup>th</sup> to 26<sup>th</sup> 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.