

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.