

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.