

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 23 January 2008 at 10.30am.

PRESENT: J Baillie (Chair)
A Alexander
J Couper
A Faulds
K Geddes
J King
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)
G Smail, Portfolio Manager, Public Reporting (Local Government) (item 5)
M Diffley, Portfolio Manager, Public Reporting (Local Government) (item 6)
C MacGregor, Project Manager, Public Reporting (Local Government) (item 6)
A Taylor, Portfolio Manager, Public Reporting (Local Government) (item 7)
D McGiffen, Director of Corporate Services (item 9)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Overview of the Local Authority Audits 2007
6.	Improving the School Estate
7.	Scottish Policing Performance Framework
8.	Audit of Best Value and Community Planning – Preparing for Round 2
9.	Accounts Commission Disability Equality Annual Report
10.	Membership

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke, Michael Docherty, and Adrienne Kelbie.

2. Minutes

The minutes of meeting of 12 December 2007 were submitted and approved.

With reference to Item 4, Caroline Gardner advised that a summary of recent Audit Commission publications had been tabled; in future this information would be added to her regular update report.

3. Chair's Introduction

John Baillie reported that the Government had published its response to the Crerar Report.

Meetings had been arranged to discuss the development of the audit of Best Value and community planning with SOLACE, COSLA and the Scottish Consumer Council in March.

The follow-up report on West Dunbartonshire Council had been published on 22 January.

4. Report by the Controller of Audit

There was submitted a report by the Controller of Audit providing an update on a number of matters of current interest:-

- Crerar Report
- Scottish Government outcomes approach
- Developments relating to Best Value.

In discussion the Commission noted that the Government's response to the Crerar report contained some significant issues for the Accounts Commission, the AGS and Audit Scotland, and agreed that these should be considered in more detail at the forthcoming strategy seminar.

The Commission agreed to note the report.

5. Overview of the Local Authority Audits 2007

There was submitted a report by the Secretary introducing the Controller of Audit's report on issues arising from the audits of local authorities in 2007. The Controller of Audit's report was made to the Commission under section 102(1) of the Local Government (Scotland) Act 1973.

In discussion a number of points were made:-

- The Commission welcomed the continuing improvement in the overview report
- the Concordat and the changing relationship between central and local government was highly significant;
- the proposed reforms of the scrutiny system were also significant and had major implications for the role of the Commission;

- Best value was having a positive impact in local government and this was expected to continue into the future
- progress on scrutiny and council tax collection rates was to be welcomed
- The overview was still hampered by the limitations of existing data especially about service performance and transaction costs
- leadership development was crucial
- there was scope for significant improvement in efficiency, especially through better planning, more testing of competitiveness and improved procurement
- partnership working was continuing to grow in importance.

The Commission agreed that it should seek discussion with the local government community about the issues identified in the report and the Commission's findings. The Commission also made a number of points about the presentation of the report including the choice of exhibits, the title and the use of comparative information across local government and with other sectors, and requested that the Controller of Audit take these points into account in the future development of the report.

Following discussion the Commission agreed to make findings as contained in Appendix 1 to these minutes.

6. Improving the School Estate

There was submitted a report by the Director of Public Reporting (Local Government) regarding the joint report on behalf of the Accounts Commission and the Auditor General into the effectiveness of recent investments in school buildings in Scotland. Attached to the report were the final report of the study and the key messages paper. The key messages had been approved by the Performance Audit Committee in July 2007 and, following revision when all work on the study had been completed, subsequently approved by the study sponsors.

In discussion a number of points were made:-

- the sections on design and the importance of environmental sustainability were particularly welcomed
- there should be greater emphasis on the need for good demand planning
- the presentation of the exhibits about environmental conditions should emphasise the positive messages
- the introduction should make clearer that the study does not look at links between the quality of school buildings and educational attainment
- the mention in the Key Messages and the recommendation about sharing of expertise and knowledge across local government should be strengthened. The importance of this in relation to procurement should be brought out and the scope for efficiency savings noted
- the passages dealing with PFI were welcomed and this should be highlighted points in the recommendations.

Thereafter the Commission agreed to ask the study sponsors, Isabelle Low and Keith Geddes, to sign off the report for publication subject to the above comments.

7. Scottish Policing Performance Framework

There was submitted a report by the Director of Public Reporting (Local Government) informing members of developments to the Scottish Policing Performance Framework

for 2008/09 and seeking comments from the Commission prior to consideration of the Framework by the Police Senior Strategic Steering Group.

During discussion the following points were made:-

- the proposed indicators required considerable development before they could deliver the required performance information
- the qualification that many indicators could not be taken as direct indicators of police performance was not distinctive to police services and was not a helpful presentational point
- progress remained slow
- the approach taken was rather different from developments in relation to other public services
- the Commission looked forward to receiving the finalised Performance Framework when it was available and reserved decisions about the future use of SPI for the police services until the new framework had developed further.

The Commission agreed to seek discussions with the Scottish Government and the Chief Inspector of Constabulary about the future development of performance information for police services.

8. Audit of Best Value and Community Planning – Preparing for Round 2

There was submitted a report by the Director of Public Reporting (Local Government) summarising the main points which had been made at the consultation meetings with councils in preparation for round 2 of the Best Value audits.

Following discussion the Commission agreed that these issues should be discussed at the forthcoming strategy seminar to inform the agreement of an Improvement Plan.

9. Accounts Commission Disability Equality Annual Report

There was submitted a report by the Director of Corporate Services referring to the duty on all public sector bodies to publish an annual report on its work in respect of compliance with equality legislation. The attached annual report had been approved by the Chair of the Commission and published on 21 December. In addition the Accounts Commission's Disability Equality Scheme was being reviewed and a report would be submitted to the Commission in March.

The Commission agreed to note the report and the annual report on the Disability Equality Scheme which had been published on 21 December.

10. Membership

There were submitted –

- List of Members linked with Best Value audits, and
- List of Study Sponsors.

The Commission agreed to note the list of members linked with Best Value audits and list of study sponsors, and to consider what changes might be required at a future meeting.

**ACCOUNTS COMMISSION FOR SCOTLAND
OVERVIEW OF THE LOCAL AUTHORITY AUDITS 2007
FINDINGS**

1. This latest report shows that local government in Scotland continues to face and address significant challenges and the Commission recognises the general improvement which has been achieved. We particularly welcome:
 - Progress in service delivery, such as a further increase in the amount of waste which is recycled and composted to over 28%;
 - The general picture of sound financial accounting and reporting, with accounts and audits completed on time;
 - Scrutiny more embedded than before; and
 - A further improvement in the trend of in-year council tax collection, with nearly 94% of the amount due for 2006/07 collected during the year.
2. Last year we highlighted the major changes likely as a result of the 2007 elections. Many of the improvements in decision-making and scrutiny are still bedding in and councils need to keep them under review to make sure they are effective. The report shows that councillors are receiving training and councils need to build on this to support them in their new and developing roles, especially in strategic leadership and policy choice.
3. The overall context for councils is one of continuing change and pressures on resources. In particular:
 - The Concordat between the Scottish Government and COSLA, and in particular the shift to an outcomes based approach, mean that councils and their partners will need to give renewed focus to ways they can demonstrate improved services for customers and citizens.
 - The pressure on budgets is likely to lead to difficult choices for councils at a time when the shift to single status, for example, is still far from complete. This underlines the importance of robust long-term financial planning which is risk-based and sustainable.
4. If councils are to meet the challenges ahead, they will need to increase their focus on a number of key areas, including:
 - Supporting and developing leadership skills and capacity;
 - Demonstrating the net benefits from community planning, other partnership working and shared business support services;
 - Taking a more strategic approach to resources which informs and integrates finance, workforce and asset planning;
 - Stronger commitment to testing the competitiveness of services and to continuous improvement;
 - Developing robust baseline data against which improvements in service delivery can be measured and demonstrated; and
 - Improving performance management significantly to demonstrate delivery of the outcomes approach.
5. Looking ahead, the Crerar report on scrutiny, audit and inspection highlights the need for more streamlined scrutiny based upon robust self-assessment and a sharper focus on the needs and concerns of service users. We support this approach and welcome the role envisaged for the Accounts Commission in taking this forward.

