

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday, 18 June 2008 at
10.30am

PRESENT: J Baillie (Chair)
O Clarke
M Docherty
K Geddes
A Kelbie
J King
I Low
I Robertson
D Sinclair
J Couper

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
B Hall, Portfolio Manager – Local Government, Public Reporting
R Nicol, Assistant Director, Public Reporting – Local Government
(items 1-9)
M Alcock, Portfolio Manager - Communities (item 7)
S Stewart, Best Value Performance Auditor – Public Reporting (item 7)
A Taylor, Portfolio Manager (Performance Information) (item 8)
B Hurst, Director of Public Reporting (NHS and Central Government)
(item 9)
F McKinlay, Assistant Director (Best Value) – Public Reporting
(items 11 and 12)
A Clark, Assistant Director – Public Reporting (items 11 and 12)
T Yule, Local Government Improvement Advisor (items 11 and 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Performance Audit Committee
4.	Chair's Introduction
5.	Meeting with Local Government Scrutiny Bodies
6.	Report by the Controller of Audit
7.	Fire and Rescue Authorities – Follow-up Report
8.	Statutory Performance Indicators (SPIs) – Consultation on the 2008 Direction
9.	Consultation Paper on the Programme of National Performance Audit Studies
10.	Best Value Audits – Progress Update
11.	Proposal for Best Value 1 Overview Reporting
12.	Update on Best Value 2 Developments
13.	Audit Appointments - ESEC and CVLDJC
14.	Consultation on Audit Scotland's Corporate Plan
15.	Gender Equality Progress Report

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander and Ann Faulds.

2. Minutes

The minutes of meetings of 13 and 14 and the two meetings on 21 May 2008 were submitted and approved.

3. Performance Audit Committee

The minutes of the meeting of the Performance Audit Committee of 7 May 2008 were submitted and approved.

4. Chair's Introduction

The Chair indicated that he had no matters to report other than those included in the agenda for this meeting.

5. Meeting with Local Government Scrutiny Bodies

There was submitted a note of the meeting held with the Cabinet Secretary for Finance and Sustainable Growth and the local government scrutiny bodies on 26 May 2008.

Caroline Gardner reported that the first meeting of the operational group had taken place and she outlined the progress which had been made. With regard to the proposal that Richard Kerley provide some consultancy to the Accounts Commission, it was noted that terms of reference were being drafted for approval by the Commission in due course.

The position was noted.

(Action – Terms of Reference to be submitted to a future meeting – Chair/ Catherine Coull)

6. Report by the Controller of Audit

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

- Scrutiny improvement programme
- Single outcome agreements
- Local authority audits
- CIPFA consultation papers
- Audit Commission reports

The report was noted and it was agreed:-

- i. that a joint response with Audit Scotland be submitted to the CIPFA consultation papers; and
- ii. that the Controller of Audit report in September on the detailed position with regard to single outcome agreements.

(Action – Report on single outcome agreements to be submitted to September meeting – Caroline Gardner)

7. Fire and Rescue Authorities – Follow-up Report

There was submitted a report by the Director of Public Reporting (Local Government) informing and updating the Commission on the impact of the performance audit of Scottish fire and rescue authorities undertaken in 2006 and seeking approval of the draft report on progress made since the national report had been published in March 2007.

Following discussion the Commission agreed:-

- i. to approve the draft report on progress made by fire and rescue authorities, subject to strengthening the wording in paragraphs 11-14 regarding the need for a coherent national approach to collecting and reporting performance information;
- ii. to approve the proposals regarding publication of the report;
- iii. that the Chair write to conveners of fire and rescue authorities (with copies to Chief Fire Officers) stressing the importance of maintaining momentum in delivering Best Value in fire and rescue services; indicating that the Commission intended that fire and rescue authorities be included in the Best Value 2 arrangements and that the gap between fire and rescue authorities and Councils in relation to Best Value needed to be closed; and stressing the need for lead authorities to carry out induction training for members of fire and rescue authorities to enable elected members to carry out their key challenge role; and
- iv. that a report be submitted to the next meeting giving more information and a rough timescale regarding the roll-out of Best Value for fire and rescue authorities.

*(Action – report to next meeting with rough timescale – David Pia
- letter to conveners – Chair/David Pia)*

8. Statutory Performance Indicators (SPIs) – Consultation on the 2008 Direction

There was submitted a report by the Director of Public Reporting (Local Government) setting out a possible new approach to the use of SPIs, together with a proposed consultation paper and a draft direction. This would require local authorities to report information that demonstrated how they met their Best Value duty and how they balanced their national responsibilities with local priorities relating to local needs.

Considerable discussion took place on the report during which views were expressed that, while there was a case for moving away from the status quo at the present time, it would be premature to do so before assessing the impact of the outcome Agreements on the availability of performance information. It was agreed that there remained a need for a number of key SPIs to remain in place and, while it was accepted that a number of SPIs were not fit for purpose, any new approach should consider opportunities to increase the SPI information available on the cost of services and on issues of interest to service users. Concerns were expressed that moving too far away from SPIs would lose the element of comparability year-on-year within councils. It was accordingly felt appropriate that, while moving to a new

approach, a number of SPIs should be retained and the potential for some new SPIs relating to cost be explored.

It was agreed that a revised consultation paper, informed by analysis of the finalised SOAs, be submitted to the meeting of the Commission in September to include recommendations as to which current SPIs should be retained in the meantime and some suggestions for new SPIs based more on cost.

(Action – Further report with revised consultation paper in September – David Pia)

9. Consultation Paper on the Programme of National Performance Audit Studies

There was submitted a report by the Director of Public Reporting outlining the approach to drawing up the proposed programme of national studies and submitting a draft consultation paper providing a short description of 37 potential studies.

During discussion a number of points were made:-

- A study on managing inefficiency would be of more use than a study of managing sickness, which has been looked at on a number of occasions
- The proposed study on shared services should start with key study questions of “where is the evidence of greater efficiency from shared services; and what benefit have shared services brought?”
- Consultees should be asked whether they think fewer studies should be done in more depth
- The Foreword to the consultation paper should be from the Chair of the Accounts Commission and the Auditor General.

Thereafter the Commission agreed:-

- i. to approve the consultation paper on the programme of National Performance Audit Studies, subject to the above comments;
- ii. that the Foreword to the consultation paper be from the Chair of the Accounts Commission and the Auditor General; and
- iii. to note that the Performance Audit Committee had agreed that the criteria for studies be reviewed in due course with the studies being based on more up-to-date criteria and consideration being given to some form of scoring system.

10. Best Value Audits – Progress Update

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the first round of Best Value Audits.

11. Proposal for Best Value 1 Overview Reporting

There was submitted a report by the Director of Public Reporting (Local Government) setting out a proposal for the publication of a report to mark the end of the first round of Audits of Best Value and Community Planning.

During discussion the following points were made:-

- The report should be used to highlight and disseminate good practice

- The report should draw attention to the added value provided by Accounts Commission audit and scrutiny
- Consideration needed to be given to the interface between this proposed report and the annual overview report and between this report and the Best Value issues included in the Consultation Programme for National Studies
- Following publication of the report the Accounts Commission should repeat the exercise of meeting with councils.

Thereafter the Commission agreed to approve the development of a Best Value 1 overview report with a target publication date of August 2009 and remitted to the Chair to identify sponsors to keep in touch with progress of the work.

(Action – Sponsors to be appointed – Chair/Catherine Coull)

12. Update on Best Value 2 Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress in developing the Best Value 2 audit approach; seeking approval of the revised draft of the Best Value improvement plan, which reflected the Commission's discussion at its April meeting; and advising of communications about Best Value 2 developments with local authority chief executives, COSLA, SOLACE, the Scottish Government and the Scottish Consumer Council.

The Commission noted the terms of the report and approved the revised Best Value improvement plan subject to the following:-

- A key question being included on page 12 regarding the need to strike a balance between a council meeting the Best Value standard as opposed to a council making real progress, and consideration of the context in which a council was operating.
- The inclusion of a key question relating to the need to adopt a common scrutiny language.
- The inclusion of a key question on page 14 relating to the role of user involvement
- A change in wording on page 9 from "high performing council" to "Best Value council".

13. Audit Appointments - ESEC and CVLDJC

There was submitted a report by the Director of Audit Strategy asking the Commission to approve a change to the Auditor of the East of Scotland European Consortium and to appoint an auditor to the Clyde Valley Learning and Development Joint Committee.

The Commission agreed to appoint Henderson Loggie to audit ESEC with effect from the financial year 2008/09 and to appoint PricewaterhouseCoopers to audit CVLDJC with effect from the financial year 2007/08.

14. Consultation on Audit Scotland's Corporate Plan

There was submitted a report by the Director of Corporate Services setting out Audit Scotland's arrangements for consulting with clients and stakeholders on its new corporate plan. All Accounts Commission members would be invited to take part in a

web-based survey in June/July and it was intended that discussion would thereafter take place at a meeting of the Commission.

The position was noted.

15. Gender Equality Progress Report

There was submitted a report by the Director of Corporate Services presenting a draft Gender Equality Progress summary for approval.

The point was made that the report was not sufficiently tailored to the work of the Accounts Commission and that a number of gaps needed to be filled. It was accordingly agreed that a revised draft be prepared and it was delegated to Isabelle Low to approve the final version.

(Action – Revised report to be prepared – Diane McGiffen/Isabelle Low)