

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday, 17 September 2008 at
10.30am

PRESENT: J Baillie (Chair)
A Alexander
J Couper
M Docherty
A Faulds
K Geddes
A Kelbie
J King
I Low
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
A Clark, Assistant Director, Public Reporting (items 1-7)
Ronnie Nicol, Assistant Director, Public Reporting (items 8-13)
Beth Hall, Portfolio Manager, Public Reporting (items 8-9)
A Taylor, Portfolio Manager, Public Reporting (items 8-9)
G Smail, Portfolio Manager, Public Reporting (item 10)
Douglas Black, Project Manager, Public Reporting (item 10)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Report by the Controller of Audit
5.	Scrutiny Consultancy Work
6.	Best Value 1
	a. Best Value Audit – Progress Update Report
	b. North Lanarkshire Council
	c. Falkirk Council
	d. Midlothian Council
7.	Best Value 2
	a. Update on Best Value Developments
	b. A Single Corporate Assessment Framework for Local Government
	c. A Risk Assessment Methodology and Joint Scrutiny Planning for Best Value 2
8.	Single Outcome Agreements – Report by the Controller of Audit
9.	Statutory Performance Indicators (SPIs) – Consultation on the 2008 Direction
10.	The Impact of the Race Equality Duty on Council Services
11.	Consultation on Audit Scotland's Corporate Plan – Update
12.	Audit Scotland Financial and Performance Information
13.	Date of Next Meeting
14.	Valedictory

1. Apologies

Apologies for absence were intimated on behalf of Owen Clarke and Iain Robertson.

2. Minutes

The minutes of meeting of 16 July 2008 were submitted and approved and action was noted.

3. Chair's Introduction

The Chair reported on a number of items as follows:-

- He had met with Richard Kerley to discuss the work consultancy
- Meetings had been held with the other scrutiny bodies and the discussions were very cordial
- Two new members were being appointed to the Commission with effect from 1 October and an announcement in that regard would be made very soon
- Ronnie Cleland had been appointed as the new independent member on Audit Scotland with effect from 1 October
- Prompted by the Tiner Report on the NAO, the SCPA was to discuss issues relating to the governance of Audit Scotland and were to take evidence from the Chair, Auditor General, Controller of Audit and Phil Taylor on 1 October.

The position was noted and members congratulated Keith Geddes on the birth of his son.

4. 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 and the meeting with the scrutiny bodies on 14 August
Single Outcome Agreements
Audit of the financial statements of local authorities and joint boards
Stakeholder event as preparation for the priorities and risks framework for 2009/10
Audit Commission reports

The position was noted.

5. Scrutiny Consultancy Work

There was submitted a report by the Secretary regarding the proposal that Richard Kerley provide some consultancy to the Commission in respect of the proposed changes in scrutiny arrangements and the new gate keeping responsibility of the Commission. A copy of the agreed proposal document was attached and he would be in contact with a number of members of the Commission in due course to arrange appropriate discussions.

The position was noted.

6. Best Value 1

(a) Best Value Audits – Progress Update Report

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

(b) North Lanarkshire Council

There were submitted the note of meeting held with representatives of North Lanarkshire Council on 4 July 2008 and letter from the Chief Executive dated 2 September 2008 together with a copy of the Council's Improvement Agenda.

The position was noted.

(c) Falkirk Council

There were submitted note of meeting held with representatives of Falkirk Council on 11 August 2008 and letter from the Chief Executive dated 6 August 2008 together with a copy of the Council's current Best Value Improvement Plan.

The position was noted.

(d) Midlothian Council

There was submitted note of meeting held with representatives of Midlothian Council on 27 September 2008.

The position was noted.

7. Best Value 2

(a) Update on Best Value Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 Improvement Plan and introducing draft papers on a corporate assessment framework and a risk assessment methodology and proposed joint scrutiny planning arrangements.

The Commission agreed:-

- i. to note the progress of the Best Value 2 Improvement Plan;
- ii. that consultation with stakeholders on proposals for Best Value 2 be planned for early in 2009, and
- iii. to note that updates would be submitted to the Commission from the planned pilot risk assessment exercises.

(b) A Single Corporate Assessment Framework for Local Government

There was submitted a paper setting out proposals for the introduction of a single corporate assessment framework for local government in Scotland,

drawing on the best elements of existing corporate service inspections. This corporate assessment would, when combined with a performance assessment, form the basis of an overall Best Value 2 audit judgement.

The paper was considered in detail and the following points were made:-

- Page 6 (the proposed scope of the single corporate assessment) – governance should appear in the list before effectiveness of partnerships
- Page 7 (what are the characteristics of a Best Value council) - the second paragraph to read “clearly, in doing this, a balance needs to be struck between prescriptiveness, which might lack sensitivity to local circumstances and priorities, and transparency of process”
- Page 10 (vision and strategic direction) – the third bullet point to read “the vision clearly reflects a commitment to continuous improvement”, with an additional bullet point “the vision is based on the views of communities, citizens and service users”. Consideration should also be given to a council vision to be “customer first” and thought needs to be given to the use of the terms citizens, service users, customers etc
- Page 12 (planning and resource alignment) - consideration should be given to the importance of councils bringing together performance data and cost data
- Page 13 (partnership working and community leadership) – last bullet point to read “the authority looks for opportunities to rationalise partnerships, services and activities ...”
- Page 14 (community engagement) – consider the need to ensure that staff have the required skills to engage with communities
- Page 15 (governance and accountability) – fourth bullet point to read “the council’s scrutiny arrangements are clearly understood and are seen to be independent ...”
- Under roles and relationships there should be a clear distinction between the roles of executive management and the political executive
- Page 17 (performance management and improvement) – consideration to be given to splitting this heading into two sections: third bullet point – delete “traditionally excluded”. Consider developing a target regarding the number of complaints being reduced year on year; consider the need for a customer first approach being displayed, and whether one stop access to all public services is always appropriate. Priorities should be determined by local needs.
- Page 17 – consider the need for the development of a toolkit of continuous improvement – the bullet points under performance management and improvement should be re-ordered and the focus should be more on improvement
- Page 21 (financial management) – consideration should be given to the role of the proper officer for finance
- Page 22 (asset management) – reword the third bullet point to highlight the need for a corporate approach to the property function. In the first bullet point the information base for the asset management strategy should include cost
- Page 23 (people management) – appraisal systems require to deliver results; consideration should be given to including absence policies and targets to reduce unplanned absence; consideration should be given to conditions of service being used as a tool to improve individual and team performance

- Page 24 (procurement) – consider whether attention should be drawn to the need to employ a qualified procurement professional.

Thereafter the Commission agreed to approve the paper, subject to the above comments and amendments.

(c) A Risk Assessment Methodology and Joint Scrutiny Planning Framework for Best Value 2

There was submitted a paper setting out proposals for the introduction of a shared risk assessment process and joint scrutiny planning framework for working with Inspectorates as part of the Best Value 2 audit process. The proposals were aimed at supporting the Commission in exercising its scrutiny gate keeping and co-ordination role to deliver more streamlined and proportionate scrutiny in the local government sector.

During discussion the following points were made:-

- Page 7 – the risk of “coasting” should be highlighted and systems should be in place to ensure that this was kept under review
- Page 8 – it should be noted that if a number of scrutiny bodies saw a council as fairly low risk, this may nevertheless add up to medium risk
- Page 9 – self awareness should be highlighted as a key indicator, as a council that was self aware was relatively low risk
- Consideration should be given to legal risk (ie the possibility of ultra vires actions) in the risk assessment
- The risk assessment should include “strategic or governance” risk

Thereafter the Commission welcomed the paper and approved it subject to the above comments. It was noted that the proposals would be piloted at a number of councils over the autumn/winter of 2008 and the outcomes of these pilot exercises would be brought to the Commission in due course.

8. Single Outcome Agreements – Report by the Controller of Audit

There was submitted a report by the Controller of Audit summarising the initial analysis of the first set of single outcome agreements, with an attached briefing paper setting out a detailed analysis.

The report was noted.

9. Statutory Performance Indicators (SPIs) - Consultation on the 2008 Direction

There was submitted a report by the Director of Public Reporting (Local Government) setting out further thinking on the future use of statutory performance indicators and offering a reduced set of up to 24 indicators for consideration as the basis for the 2008 Direction. There was attached to the report a draft consultation paper setting out the proposals.

Discussion took place on the need for the future to carry out a fundamental review of SPIs, including consulting with citizens on the cost information which would be of interest to them.

The Commission agreed:-

- i. to approve the proposal for a broader requirement on councils in relation to publishing performance information;
- ii. to approve the proposed core set of prescribed indicators;
- iii. to approve the draft consultation paper for distribution, subject to some minor rewording of the foreword by the Chair and to signalling clearly the Commission's intention to look for the future at the role of SPIs and what information people would want, and
- iv. that the Chair write to key central and local government interests offering a meeting to discuss the proposals.

(Action: letter offering meeting – David Pia/Chair)

10. The Impact of the Race Equality Duty on Council Services

There was submitted a report by the Director of Public Reporting (Local Government) together with a draft report and a draft key messages document from the National Study on the Impact of the Race Equality Duty on Council Services.

During discussion it was pointed out that councils needed to mainstream equality issues, which were currently being treated as a separate activity. Concern was expressed that councils were struggling with race equality objectives and were therefore focussing on process and procedure rather than outcomes. In this regard the bullet points on page 5 of the draft report should be reordered.

It was noted that the intention was to contact the local auditors regarding the report when it was finalised so that publication of the report would continue to challenge councils.

Thereafter the Commission agreed to approve the draft report and key messages document and agreed that some of the key messages for stakeholders should be highlighted for them when the report was issued.

(Action: highlight key message in sending report to stakeholders – David Pia)

11. Consultation on Audit Scotland's Corporate Plan – Update

There was submitted a report by the Director of Corporate Services updating the Commission on the consultation with clients and stakeholders on Audit Scotland's new corporate plan and indicating that the feedback from the survey and the priorities for Audit Scotland would be discussed with the Auditor General at the Commission's October meeting.

The position was noted.

12. Audit Scotland Financial and Performance Information

There was submitted and noted report by the Director of Corporate Services presenting financial and performance information for Audit Scotland to 30 June 2008.

13. Date of Next Meeting

It was noted that the next meeting was scheduled for 15 October.

14. Valedictory

The Chair expressed thanks to Keith Geddes, Jean Couper and Alan Alexander for all their many and valued contributions to the work of the Commission over the previous six years and commented on how much each of them would be missed.