

## AGENDA ITEM 2

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 21 January 2009, at 10.30am

PRESENT: J Baillie (Chair)  
M Ash  
O Clarke  
A Faulds  
A Kelbie  
J King  
I Low  
W McQueen  
I Robertson  
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit  
D Pia, Director of Public Reporting (Local Government)  
C Coull, Secretary  
R Frith, Director of Audit Strategy (items 13-14)  
M Taylor, Assistant Director, Audit Services (item 5)  
M Walker, Portfolio Manager (Best Value) Public Reporting (item 5)  
C Revie, PricewaterhouseCoopers (item 5)  
G Smail, Portfolio Manager, Public Reporting (Local Government) (item 6)  
A Clark, Assistant Director, Public Reporting (items 8-11)  
S Thompson, Project Manager, Public Reporting (Central Government) (item 12)  
A Canning, Assistant Director, Public Reporting (Health and Community Care) (item 12)  
C Sweeney, Portfolio Manager, Public Reporting (Health and Community Care) (item 12)

<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.	South Lanarkshire Council Audit of Best Value and Community Planning
6.	Overview of local authority audits 2008
7.	Best Value audits (a) progress update; (b) list of members for visits to councils
8.	Update on Best Value 2 developments
9.	BV2 – Forming clearer judgements about local authority performance
10.	BV2 – Proposals for Consultation – February 2009
11.	Consultation – Extending the Scope of Application of the Regulators' Compliance Code and the Principles of Good Regulation
12.	Drug and Alcohol service in Scotland
13.	Audit of Housing and Council Tax benefits from April 2008
14.	Moving to a True and Fair View Audit opinion – Revised Auditor's Report
15.	CoSLA Conference/CIPFA Scotland Conference
16.	Strategy Seminar
17.	Post of Secretary

1. Apologies

Apologies for absence were intimated on behalf of Michael Docherty.

2. Minutes

The minutes of meeting of 17 December 2008 were submitted and approved.

3. Chair's Introduction

The Chair reported that he had meetings arranged with Richard Kerley and with Pat Watters and Rory Mair from CoSLA.

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
- Single Outcome Agreements
- Local Government sector plan and PRF
- Parliamentary Audit Committee
- Audit Commission reports

The position was noted and it was agreed that copies of the transcripts of the briefing by the Auditor General to the Public Audit Committee on 4 February be circulated to all members.

*[Action – copies of briefings to be circulated – Caroline Gardner]*

5. South Lanarkshire Council – Audit of Best Value and Community Planning

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report of the best value audit of South Lanarkshire Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit and members of the best value audit team answered questions by members of the Commission.

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

6. Overview of local authority audits 2008

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 2008. The Controller of Audit's report was made to the Commission under Section 102(i) of the Local Government (Scotland) Act 1973.

Following discussion the Commission agreed:-

- (i) to make findings as contained in Appendix 2 to these minutes, and
- (ii) that consideration be given to appropriate means of publicising the report and findings, including briefings by the Chair to parliamentary committees, use of the media and briefing the leadership forum of CoSLA.

*[Action – any suggestions for publicising report to be submitted to Secretary – all members]*

7. Best Value Audits – progress update

There were 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 and a list of Commission members to visit councils following consideration of Best Value Audit reports.

8. Update on Best Value 2 developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 programme plan and introducing papers on forming clearer judgements about local authority performance and consultation with stakeholders.

The Commission agreed to note the progress of the Best Value 2 programme plan.

9. Best Value 2 – Forming clearer judgements about local authority performance

With reference to item 9(b) of the minute of meeting of the Commission of 15 October 2008, there was submitted a report by the Director of Public Reporting (Local Government) setting out further proposals regarding forming clearer judgements about local authority performance. The Commission was asked to re-affirm its commitment to there being no league tables of councils and the report proposed that judgements on “pace and direction of travel” and “capacity for future improvement” be introduced at council level as part of BV2. Options were set out as to how these judgements could be expressed.

Following discussion the Commission agreed:-

- (i) To re-affirm its position that there would be no “league tables” for the purposes of the next round of Best Value 2 consultation.
- (ii) To approve the proposal that two related but distinct improvement judgements be introduced as part of Best Value 2 –
  - A “direction of travel” judgement, based on the council’s track record in securing continuous improvement in its services
  - A “capacity for future improvement” judgement, based on the prospect of further improvement.

Further consideration would be given to the language in which these judgements were expressed and to the way in which the evidence bases were phrased.

- (iii) To approve option 3 of the options for BV2 audit assessment and reporting – namely a BV2 audit assessment which combines (a) standardised and codified audit judgements for elements of the BV2 audit assessment, and (b) narrative and largely bespoke judgements on the underpinning audit evidence.
- (iv) To approve the proposal that corporate assessment audit judgements be expressed as narrative judgements rather than graded judgements, with consistent language to be used in all BV reports.

- (v) To note the need for further work to take place with service inspectorates to develop a coherent framework for service reporting which reflected the collective commitment to more proportionate and risk based approaches to audit and inspection activity which would be piloted as part of the BV2 pathfinder process, and
- (vi) To accept that it was not appropriate at this stage of the development of SOAs to introduce a formal assessment on the extent to which an individual council (and its partners) were delivering effective outcomes for local citizens.

#### 10. Best Value 2 – Proposals for Consultation

There was submitted a preliminary draft paper which set out a potential approach to developing the Best Value 2 consultation paper. The paper had been prepared as a stand-alone document, providing an overview of the background to Best Value, current thinking on BV2 and the relationship between BV2 and the ongoing scrutiny reform/streamlining agenda. It was intended that the paper would be refined and developed for the Commission's strategy seminar and meeting in February.

It was noted that a shortened version of the paper would be produced together with a "route map" to the fuller paper, and agreed that another shortened version of the document in plain language should be produced for public consultation. It was considered important to make clear that the consultation was on the approach to Best Value rather than on language.

It was agreed to note a number of detailed points of drafting and that any other drafting points be submitted to Antony Clark and noted that a further version of the document would be submitted to the next meeting for further consideration.

*[Action – submission of updated document – David Pia]*

#### 11. Consultation – Extending the Scope of Application of the Regulators' Compliance Code and the Principles of Good Regulation

There was submitted a report by the Director of Public Reporting (Local Government) advising of the current consultation by the Department for Business Enterprise and Regulatory Reform on extending the scope of the regulation of the Regulators' Compliance Code and the Principles of Good Regulation. It was proposed to extend the duty to have regard to the code and principles to specified regulatory functions of local authorities in Scotland where these functions concerned matters which were reserved to the UK Parliament. It was suggested that the Commission should endorse such an extension in its response to the Consultation.

It was agreed to welcome the proposal in the Consultation paper and remitted to the Chair to respond to the Consultation document accordingly.

*[Action – letter in response to Consultation – David Pia /Chair]*

#### 12. Drug and Alcohol services in Scotland

There was submitted a report by the Director of Public Reporting (Health and Central Government) with attached a draft report and key messages document on Drug and Alcohol services in Scotland. This was a joint report on behalf of the Accounts Commission and the Auditor General and the key messages summary had been considered by the Performance Audit Committee at its meeting in December 2008.

It was noted that there were still some gaps in the report pending a Scottish Government announcement of changes to partnership arrangements and performance management systems and that work was continuing on simplifying the presentation of data, finalising the wording of case studies and validating the data.

During discussion the following points were made:-

- With regard to paragraph 87 it should be noted that drug and alcohol misuse was not set as a priority in the Concordat
- In para 133 it should be noted that ADPs should be held accountable through the community planning partnerships
- There should be stronger reference to the impact of these problems on the economy of Scotland
- The wording of “investment” by Scottish Government should be changed to “expenditure”.

The Commission commended the project team for producing a well-written and comprehensive report which should help to improve services across Scotland.

Thereafter the Commission agreed to approve the report and key messages document, subject to the above comments, and delegated to Adrienne Kelbie and Iain Robertson as the report sponsors to approve the report, for final approval by the Chair and Auditor General.

13. Audit of Housing and Council Tax benefits from April 2008

There was submitted a report by the Director of Audit Strategy advising that Audit Scotland’s new housing and council tax benefits audit work had been completed in 12 councils during the period from April to December 2008. The report gave details of the risk assessment exercise and set out the main issues which had arisen from the risk assessments carried out to date.

The Commission agreed to note the report.

14. Moving to a True and Fair View Audit opinion – revised Auditor’s Report

There was submitted a report by the Director of Audit Strategy seeking the Commission’s approval for a revised auditor’s report to reflect a move across UK local government from a “presents fairly” opinion to a “true and fair view” opinion. The proposed revised form of auditor’s report was attached as appendix 1 and it was noted that the change of form of the opinion would have no impact on the cost of the auditors.

The Commission agreed to approve the form of local government auditor’s report to be used for the audits of accounts for 2008/09 onwards.

15. CoSLA Conference/CIPFA (Scotland) Conference

There were submitted programmes for the CoSLA Conference to be held on 4-6 March 2009 and the CIPFA (Scotland) Conference to be held on 19-20 March 2009.

It was agreed that those members wishing to attend a conference should submit their names to the Secretary.

16. Strategy Seminar

It was noted that the Commission's strategy seminar was to take place on 11-12 February at Balbirnie House Hotel, Markinch.

17. Post of Secretary

It was noted that Catherine Coull had intimated her wish to resign from the post of Secretary to Commission with effect from 31 May at the latest.