

AGENDA ITEM 3

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh, on Wednesday, 18 March 2009, at 9.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
A Faulds
I Low
B 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
F McKinlay, Assistant Director (Best Value), Public Reporting (items 7-13)
M McCabe, Best Value Performance Auditor, Public Reporting (item 7)
P Tait, Assistant Director, Audit Services (item 7)
A Haseeb, Senior Audit Manager, Audit Services (item 7)
F Mitchell-Knight (item 8)
B Howarth, Senior Audit Manager, Audit Services (item 8)
R Nicol, Assistant Director, Public Reporting (item 14)
B Hall, Portfolio Manager, Public Reporting (item 14)
J Lincoln, Project Manager, Public Reporting (item 14)
B Hurst, Director of Public Reporting (NHS and Central Government) (item 15)
C Sweeney, Portfolio Manager, Public Reporting (item 15)
J Matthew, Project Manager, Public Reporting (item 15)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Declarations of Interest
3.	Minutes
4.	Performance Audit Committee
5.	Chair's Introduction
6.	Update Report by the Controller of Audit
7.	South Ayrshire Council – Audit of Best Value and Community Planning
8.	Glasgow City Council - Best Value Audit follow-up report
9.	Shetland Islands Council – statutory report on Annual Audit 2007/08
10.	Best Value Audits – progress update
11.	Updates from Best Value 2 developments
12.	Best Value 2 – Draft Consultation paper
13.	Best Value 2 – Pathfinder Audits and Shared Risk Assessment Development Site Selection
14.	Asset Management in Local Government
15.	Overview of Mental Services in Scotland
16.	Next Meeting

1. Apologies

Apologies for absence were intimated on behalf of Adrienne Kelbie and Jim King.

2. Declarations of Interest

Ann Faulds declared an interest in item 9 as her firm had acted for Shetland Islands Council.

3. Minutes

The minutes of meeting of 4 March 2009 were submitted and approved.

4. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 26 February 2009 were submitted and the recommendations contained therein were approved.

5. Chair's Introduction

The Chair reported on a number of items as follows:

- He had given a presentation to a conference on scrutiny in Scotland
- Dates had now been arranged for meetings with SOLACE and COSLA
- Arrangements were being made for a meeting with HMCIC
- He was to appear before the Public Audit Committee of Parliament the following week regarding the local government overview report
- A further meeting of the scrutiny bodies had been held the previous week.

The position was noted

6. Update Report by the Controller of Audit

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

- Local Government scrutiny co-ordination
- Single Outcome Agreements
- National Fraud Initiative
- Scottish Parliament Equal Opportunities Committee
- Association of Local Government auditors
- Parliamentary Public Audit Committee
- Audit Commission reports.

It was noted that a further report on scrutiny co-ordination would be submitted to the next meeting.

7. South Ayrshire 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 Ayrshire 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.

8. Glasgow City Council - Best Value Audit follow-up report

There was submitted and noted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit progress report at Glasgow City 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 2 to these minutes.

9. Shetland Islands Council – statutory report on Annual Audit 2007/08

With reference to item 10 of the minute of meeting of the Commission of 17 December 2008 there was submitted a copy of a report by the Chief Executive of Shetland Islands Council to his Council on 18 February 2009.

It was noted that action was being taken in implementation of the Commission's findings.

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 with regard to the first round of Best Value audits.

11. 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. The report indicated that the improvement plan was now substantially implemented and that future reports of progress to the Commission would be based upon a revised set of objectives which better reflected current activities.

The report also introduced a further draft of the Best Value 2 Consultation document which included documents on the proposed characteristics of a Best Value Council, a draft equalities auditing framework and a draft sustainability audit framework.

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

12. Best Value 2 – Draft Consultation paper

With reference to item 10 of the minutes of meeting of 21 January 2009 there was submitted a further version of the proposed consultation paper together with a summary document.

During discussion the following points were made:-

- Some minor amendments were needed to the tone of the document, and particularly to the Foreword, to emphasise that views of respondents were sought on the proposals
- The Foreword and Introduction should clarify the roles and relationship of the Accounts Commission and Audit Scotland

- Consideration should be given to references to Audit Scotland, and these should be reworded to “we” or “partners in audit” where appropriate
- Stress should be laid on the need for continuous improvement
- It was agreed that the audits should continue to be entitled Best Value Audits, with the use of a sub title such as, possibly, “how council is improving”
- Wording on page 5 of the summary document should be changed as follows – BV2 will introduce clearer judgements of council performance against the characteristics of a Best Value council; BV2 will include a clearer assessment of how council services perform and how well they use their resources; BV2 will listen more closely to what local people have to say and what opportunities they are given to make their views known; BV2 will make reports more accessible to the public
- Page 6 of the summary document (and the main document) should clarify that BV2 will involve external senior officers and elected members in audit teams
- Para 77 of the consultation document should make clearer that the proposals are to continue the current role of the Accounts Commission and that the Commission welcomes any views of respondents on this role. The first consultation question should be changed to read “would you like to see any changes in the role of the Accounts Commission? If so, what?”
- The wording in para 75 “the broader service coverage” should be clarified
- The section on Governance and Accountability on page 8 of the summary document should include reference to effective scrutiny arrangements
- The word “always” should be deleted from the last line of para 80 of the consultation document and para 81 should begin “we believe that these processes work well”
- The references to self evaluation should clarify that a risk based approach to Best Value audit depends on the quality of a council’s self evaluation.

Thereafter it was agreed as follows:-

- i. to approve the consultation document and summary document subject to the above comments and to any further drafting points which should be submitted to the Best Value team by 20 March as the draft was due to go to print on 23 March;
- ii. that consideration be given to the consultation document including everything on which views were sought, depending on the size of appendices;
- iii. that the consultation conclude at the end of May;
- iv. to delegate to the Chair to approve the final version of the documents.

The Chair thanked the officers involved for producing such a well written document.

(Action – amendments to documents – pass to Chair for approval – David Pia)

13. Best Value 2 – Pathfinder Audits and Shared Risk Assessment Development Site Selection

There was submitted a report by the Director of Public Reporting (Local Government) recommending 5 preferred Best Value 2 Pathfinder sites and 4 shared risk assessment development sites. Details were given of the selection criteria for each category.

The Commission agreed to approve the Pathfinder sites and shared risk assessment development sites.

14. Asset Management in Local Government

There was submitted a report by the Director of Public Reporting (Local Government) with attached a draft report and key messages document from the national study on Asset Management in Local Government. The overall aim of the study was to evaluate the extent to which councils managed their assets to ensure effective service provision and achieve value for money. The study focussed on property assets which made up the majority of council assets.

During discussion the following points were made:-

- Consideration should be given to adding in a recommendation that local authorities should work together to produce a standard measure regarding the suitability of their assets
- Paragraph 73 should be expanded to clarify that consideration of maintenance backlogs in property and roads maintenance should be at the centre of the corporate management process
- The correlation between exhibits 2 and 4 should be clarified
- The report should make reference to the downturn in the economy leading to a possible downturn in maintenance. This would be false economy and would lead to higher costs at a later stage. Reference should be made to active dynamic asset management being part of the solution to efficiency savings
- The reference in paragraph 25 of the summary to less than two thirds of councils having an elected member with specific responsibility for this area should be deleted and replaced with a reference to the need for effective scrutiny. The lack of engagement by elected members in this area should be specifically highlighted in the media briefing.

Thereafter the Commission agreed to approve the report and key messages document subject to the above comments.

15. Overview of Mental Health 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 the overview of mental health services in Scotland. This was a joint report on behalf of the Accounts Commission and the Auditor General. In addition to the report and key messages documents it was intended to publish a supplementary report on user and carer views which would summarise findings from the focus group work. A summary of good practice examples from around Scotland would also be published on the Audit Scotland website.

Discussion took place on a number of issues arising from the draft report and it was noted that some of the wording of the report had still to be checked or amended slightly. Given that this was an overview report consideration was being given to identifying areas that would be appropriate for further investigation.

Thereafter the Commission agreed to approve the report and key messages document.

16. Next Meeting

It was noted that the next meeting was scheduled for 15 April at 10.30am.

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE REPORT ON SOUTH AYRSHIRE COUNCIL

FINDINGS

The Commission accepts this report on the performance of South Ayrshire Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

The Commission is concerned to note the position at South Ayrshire as set out in the Controller of Audit's report. The council has made limited progress towards delivering best value and faces severe financial pressures which pose significant risks and which will make it more challenging for the council to make the improvements needed.

We note that some services perform well and that joint working is producing some positive outcomes in disadvantaged neighbourhoods. We also note that recent appointments at a senior level and more effective cross-party working amongst members are leading to improvements in leadership and we recognise that the council has developed a greater self awareness of its weaknesses.

However, there are a number of areas of concern. In particular we would draw attention to the following matters:

- The serious financial situation of the council resulting from inadequate financial planning over a number of years.
- The lack of a culture of continuous improvement.
- The council does not manage its resources, risks and performance effectively and lacks a toolkit for Best Value and an effective system of performance management.
- The need to develop community planning and joint working with partners and neighbouring councils.
- The lack of clarity in the roles of members and officers and the need for both elected members and senior officers to establish more effective corporate working and leadership.
- There is little effective scrutiny of performance by members.
- The lack of consistent, good quality customer care.

South Ayrshire is a council which is facing a significant number of hard decisions for the future. We urge the council to give priority to putting in place an effective system of performance management, and to developing and using to the full the basic building blocks needed to achieve best value and to address its financial position. We look forward to receiving from the council an improvement plan which addresses the weaknesses identified in these findings and in the Controller of Audit's report.

We require a further report from the Controller of Audit on the position of the council as at March 2010.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE FOLLOW-UP REPORT ON GLASGOW CITY COUNCIL
FINDINGS

In December 2005 the Accounts Commission considered the Controller of Audit's report on the best value audit of Glasgow City Council and required the Controller of Audit to make a further follow-up report on the council's progress. We accept this report as fulfilling that requirement. We recognise that the report gives a broad picture of the council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

When we made our findings in 2005 we said that we were encouraged by the rate of improvement which the council had made over recent years. We are now pleased to acknowledge that the council has continued to make good progress, with 12 of the 14 themes in its improvement plan either implemented or on target for implementation. We are also encouraged that the improvements being made have led to better outcomes for the people of Glasgow, particularly with increases in educational attainment levels and a reduction in unemployment.

We note, however, that some significant issues still need to be addressed in respect of the council's management and development of its employees, and that the statutory performance indicators and inspection reports show a mixed picture of the performance of services. We also note the slippage in certain areas of the council's improvement plan. We would urge the council to address these issues, together with the other areas highlighted in the report by the Controller of Audit.

We consider that Glasgow City Council is well placed to build on its current performance and we look forward to the council maintaining its momentum and continuing to improve.