


08/09

Accounts Commission
Annual Report

Supporting improvement in local government



The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standard of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- Securing the external audit, including the audit of Best Value and Community Planning.
- Following up issues of concern identified through the audit, to ensure satisfactory resolutions.
- Carrying out national performance studies to improve economy, efficiency and effectiveness in local government.
- Issuing an annual direction to local authorities, which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 41 joint boards (including police and fire and rescue services). Local authorities spend over £19 billion of public funds a year.

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Introduction

The past year has been one of considerable challenges for local authorities and their partners.

The global economic slowdown and the recession in Scotland and the rest of the United Kingdom have put pressure on all levels of government.

It has also been a year since the Scottish Government and councils signed the first Single Outcome Agreements, agreements which now need to be extended to include community planning partners.

All this means everyone is having to work harder to ensure that they are achieving best value and providing better services for the public.

In our annual overview report, we welcomed evidence of improving services and outlined some key areas for improvement, which we think will help councils to address the challenges ahead.

We decided to reduce the number of specified Statutory Performance Indicators (SPIs) so that councils are reporting on areas of performance that are of most importance to local communities; and to align the SPIs with the responsibility of councils under Best Value to select and use performance information to drive continuous improvement.

During the year, we issued first-time Best Value findings on ten councils, produced three progress reports and held a public hearing to gather evidence on the issues faced by Aberdeen City Council.

We also published four performance audit reports in addition to our annual overview. *The impact of the race equality duty on council services*, *Scottish fire and rescue services 2007/08: progress report* and two joint reports with the Auditor General for Scotland, *Improving energy efficiency* and *Drug and alcohol services in Scotland*, all attracted significant attention.

A glance at Audit Scotland's *Programme of performance audits 2009/10* shows that our commitment to better coordination of scrutiny continues. Published in January, it outlines plans to publish six new performance audit reports for the Commission and a further seven joint reports over the next two years. These will cover a range of issues, including community health partnerships and the Commonwealth Games.

This year also saw the Commission accept a new responsibility from the Department for Work and Pensions. The scrutiny of housing and council tax benefit services in Scotland is now within our remit.

“The Accounts Commission was asked to take on the coordination of all local government scrutiny.”

I was also pleased when the Accounts Commission was asked by the Cabinet Secretary for Finance and Sustainable Growth to take on the coordination of all local government scrutiny, as well as a gate-keeping role through a transitional period. This will see the scrutiny of local government streamlined.

This role has given the Commission the opportunity to work with our partners at HMIE, SWIA, the Care Commission, the Scottish Housing Regulator, HMICS and NHS QIS. Much progress has been made over the past year and the end result should be a more efficient and effective programme, using the Best Value 2 process as the single corporate assessment tool.

There have been some changes to the make-up of the Commission this year. Alan Alexander, Jean Couper CBE and Keith Geddes all left at the end of their six-year terms and I would like to thank them for their contributions. In the meantime, two new members have been appointed and we extend a warm welcome to William McQueen CBE and Michael Ash.

This completes my first full financial year as chair of the Commission. In last year's annual report I said that we had a challenging agenda ahead of us. That prediction has turned out to be correct. Councils have demonstrated that they can continue to make improvements, including working more closely together. By sharing the practices that work and identifying those that do not, I believe local government and its partners can successfully deliver in the years ahead. I and the rest of the Commission look forward to continuing to help councils achieve that goal.

John Baillie
Chair
The Accounts
Commission



What we do

“The Commission is independent of local authorities and of the Scottish Government, and reports in public.”

The Accounts Commission was established in 1975 to secure the audit of Scottish local government and to consider reports arising from that audit. The Commission's original functions have developed and its responsibilities are now, to:

- secure the audit of all accounts of local authorities and associated bodies (such as fire and rescue and police joint boards) either by Audit Scotland or by firms of accountants
- secure the audit of the performance by local authorities of their Best Value and Community Planning duties
- consider reports made by the Controller of Audit to investigate all matters raised and to conduct hearings where appropriate
- undertake or promote Best Value studies in local authorities
- give directions to local authorities on performance information
- make recommendations to Scottish ministers and to local authorities, and to impose sanctions on individual officers and members responsible for illegality
- help advise Scottish ministers on local authority accounting matters.

The Commission is independent of local authorities and of the Scottish Government, and reports in public. It has a maximum of 12 members who are appointed by Scottish ministers following a public appointments process.

The Commission does not employ any staff. Audit Scotland was set up to support it and the Auditor General for Scotland in their work. The performance of Audit Scotland is outlined in a separate annual report, which can be found at www.audit-scotland.gov.uk

32

Councils

6

Police Joint Boards

10

Valuation Joint
Boards

73

audits completed in 2008/09 on
the 2007/08 financial year.

6

Fire and Rescue
Joint Boards

7

Regional Transport Partnerships

12

Others

The Commission



(from left to right)

John Baillie (chair)

Appointed: November 2007

Term ends: October 2010

Chair of Audit Scotland Board. Former partner in a big four accountancy firm. Member of the Reporting Panel of the Competition Commission. Visiting Professor of Accountancy at the University of Glasgow.

Isabelle Low (deputy chair)

Appointed: October 2001

Term ends: September 2009

Former senior civil servant. Former member of the State Hospitals Board for Scotland, the Scottish Consumer Council and the Statistics Commission. Member of the Audit Scotland Board and chair of its audit committee.

Michael Ash

Appointed: October 2008

Term ends: September 2011

Non-executive director within the NHS. Former headteacher and chief officer in a local authority education department in England. County councillor from 1997 to 2007, serving as deputy leader of Cumbria County Council from 2001 to 2005. He ran his own event management business for 20 years.

Michael Docherty

Appointed: July 2007

Term ends: June 2010

Former chief executive of South Lanarkshire Council with over 20 years experience of senior management in local government.

Owen Clarke CBE

Appointed: September 2003

Term Ends: September 2009

Independent chair, National Performance Management Committee (NHS Scotland). Former head of Inland Revenue in Scotland/ North of England and former chair of Scottish Ambulance Service. Currently holds two non-executive posts within the Scottish Government.

Ann Faulds

Appointed: September 2003

Term ends: September 2009

Partner in Dundas and Wilson CS LLP, Solicitors. Former solicitor in Central Regional Council.

The chair and members of the Commission are appointed by Scottish ministers following an open recruitment process. They are appointed for a period of three years, normally renewable for a further three-year period. The members of the Commission during 2008/09 were as follows:



Iain A Robertson CBE

Appointed: September 2003

Term ends: September 2010

Chair of Scottish Legal Aid Board. Independent member of the BERR Legal Services Board. Chair of Coal Liabilities Strategy Board. Former director of acquisitions BP America Inc, group strategy director of Anglian Water Group plc and chief executive of Highlands and Islands Enterprise.

Douglas Sinclair CBE

Appointed: February 2007

Term ends: September 2009

Former chief executive of Fife Council and chief executive of COSLA. Chair of Consumer Focus Scotland.

Adrienne Kelbie

Appointed: November 2007

Term ends: October 2010

Director of Operations for the Big Lottery Fund. Previously the Scotland director for Community Fund. Also held the position of member of the Scottish Consumer Council.

James King

Appointed: November 2007

Term ends: October 2010

Member of the Management Board of Glasgow's Metropolitan College. Treasurer of Stirlingshire and District Association for Mental Health. Former financial director for the Royal Mail in Scotland and Northern Ireland. Previously worked with Glasgow Council and later with Falkirk Council in the posts of chief internal auditor then assistant finance director. Non-executive director of the NHS National Services Scotland Board.

William McQueen CBE

Appointed: October 2008

Term ends: September 2011

Former senior civil servant in various departments of the Scottish Government and deputy chief executive of the Crown Office and Procurator Fiscal Service.

Catherine Coull

Secretary to both the Accounts Commission and the Audit Scotland Board, and is also responsible for legal and procedural advice.

Three members left the Commission during the year:

Alan Alexander

Appointed: October 2002

Term ended: September 2008

Emeritus Professor of Local and Public Management, Strathclyde Business School. Former chair of Scottish Water. Member of Economic and Social Research Council, former chair of Postwatch Scotland. Non-executive chair of Distance Lab Ltd.

There is a register of Accounts Commission members' interests which is open for inspection in the offices of Audit Scotland and which can be accessed on the website.

Jean Couper CBE

Appointed: October 2002

Term ended: September 2008

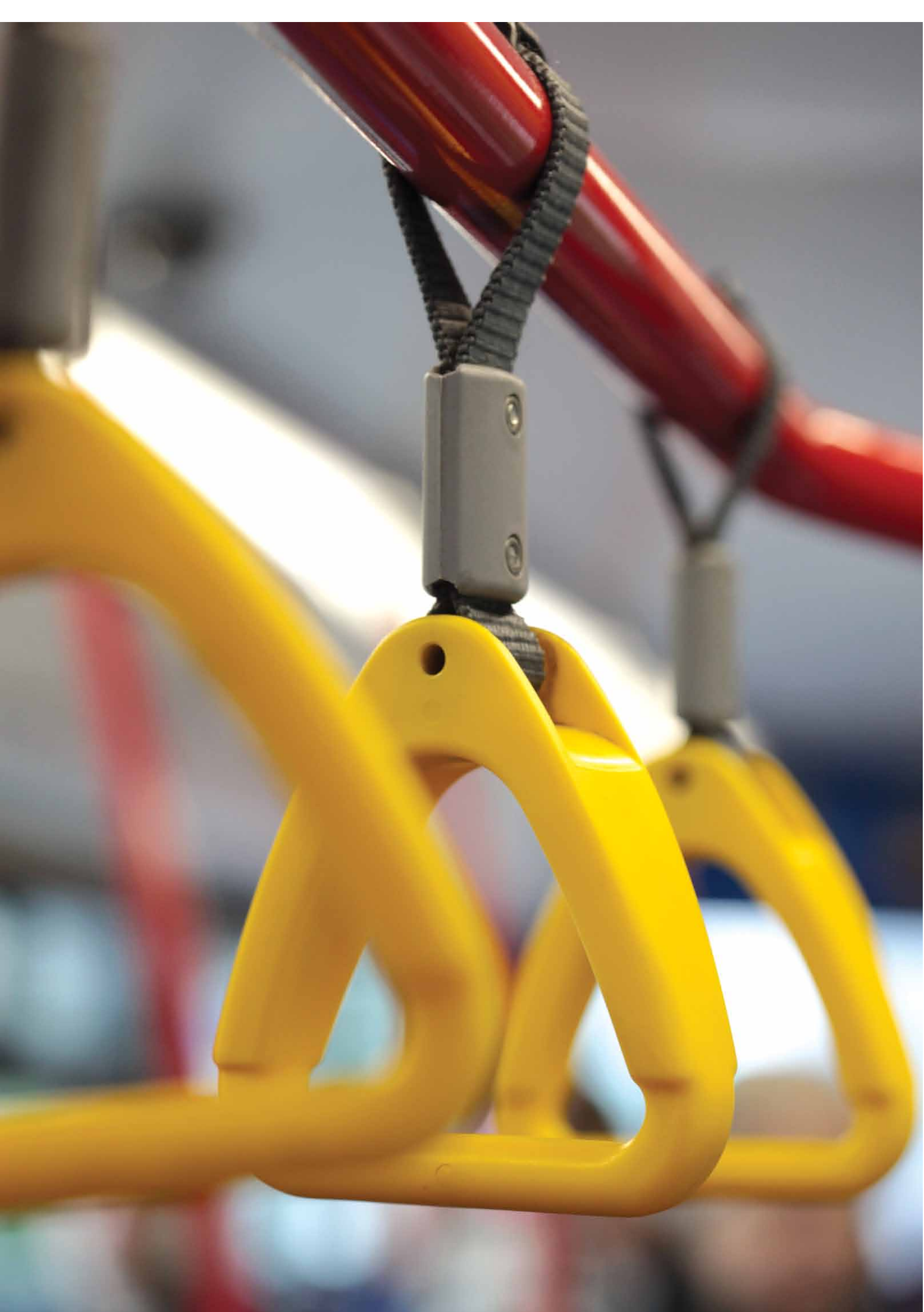
Director of K3 Consultants Ltd. Former managing consultant with PriceWaterhouse and Ernst & Young. Former chair of Scottish Legal Aid Board, vice chair of Health Education Board and past member of the Police Advisory Board. Deputy chair of the Ombudsman Service Ltd.

Keith Geddes

Appointed: October 2002

Term ended: September 2008

Policy director for a consultancy firm. Former leader of Edinburgh and Lothian Regional Councils and former president of COSLA. Deputy chair of Scottish Natural Heritage. Chair of Greenspace Scotland.



Financial stewardship

The annual financial audits are always important, but perhaps even more so in today's economic circumstances. They provide independent assurance on the financial position, governance and management of local authorities. It is the Commission's responsibility to appoint auditors to each local authority. These auditors will be either from Audit Scotland or a firm of accountants.

There were 73 audits of accounts for the 2007/08 financial year during which local authorities spent £19 billion providing services. Local authorities were required to submit their accounts for audit by 30 June 2008; all met this statutory deadline. We require the auditors to complete the audits by 30 September and issue their audit reports by 31 October each year. All audits were completed and final reports issued by those dates with the exception of Aberdeen City Council; the audit of which was completed in October and audit report issued in November. Auditors reported that the accounts preparation by local authorities and the quality of their working papers was generally good.

The auditors qualified the 2007/08 accounts of Shetland Islands and Aberdeen City Councils. Shetland Islands Council's accounts were qualified because the council's

group accounts did not include the Shetland Development Trust and the Shetland Charitable Trust, and their related subsidiaries. In the auditor's opinion this resulted in a material mis-statement of the group accounts. Aberdeen City Council's accounts were qualified because the auditors could not confirm that all bank transactions had been properly recorded in the council's accounts. We received reports on these qualifications from the Controller of Audit in December 2008.

The Accounting Code of Practice (ACOP) required significant changes to the 2007/08 local authorities' accounts as part of the transition to the International Financial Reporting Standards (IFRS). Most of the authorities dealt well with these changes. However, a few were required by their auditors to make adjustments to their accounts. Local authorities need to put arrangements in place now to ensure a smooth transition to the new IFRS requirements when these are fully introduced in 2010/11.

In November 2008, Audit Scotland published the *Priorities and Risk Framework (PRF) 2008/09-2010/11*. The PRF summarises the key national priorities and risks which face councils in the coming year. It is a tool that auditors use when planning audits of

local government bodies in Scotland on behalf of the Commission, thus ensuring that audit activity is targeted at issues that really matter to officers, elected members and the public.

The publication of the *Overview of local authority audits 2008* in February 2009 also demonstrates our continuing commitment to provide assurance on the way public money is used in councils. This annual report pulls together evidence from all our audit work and from SPIs and other sources, such as inspection reports, to identify the main issues local authorities face. It also informs our future work programme. The Commission chair, supported by a team from Audit Scotland, briefed the Public Audit Committee on this report in March 2009. The chair also gave evidence on the 2007 overview to the Local Government and Communities Committee in May 2008.

The 2008 overview showed evidence of improving services across a range of areas. Our findings concluded that it is critical that councils focus on a number of key areas like performance management, the development of shared services and the continuous development of elected members to ensure they are equipped fully to address the challenges ahead and be able effectively to scrutinise and challenge.

“There were 73 audits of accounts for the 2007/08 financial year during which local authorities spent £19 billion providing services.”

The National Fraud Initiative in Scotland 2006/07

Further fraud and errors amounting to £13 million were identified in the second round of the National Fraud Initiative (NFI), published in May 2008. NFI is a data-matching exercise undertaken by Audit Scotland which compares information from councils and other public bodies with a range of financial systems (housing benefits, payrolls, public sector pensions, etc). NFI helps to identify fraud and error in the public sector and also acts as a deterrent. The cumulative outcome from these exercises in Scotland is now around £40 million and there were at least 75 successful prosecutions from the first exercise.

Housing and council tax benefits

From April 2008, at the request of the Department for Work and Pensions, we accepted the responsibility of scrutinising the housing and council tax benefit (HB/CTB) service in Scotland.

The main objective of this new audit is to find out how well the benefits service is meeting its obligations to achieve continuous improvement. The audit specifically looks at how well the service meets the needs of the community and its customers and provides value for money.

This new audit work, undertaken by Audit Scotland, is carried out in two phases. The first phase is a rolling programme of risk assessment. Councils self-assess their HB/CTB services. Auditors then scrutinise the services, identify risks to continuous improvement and comment on the accuracy of the self-assessment. Councils are then invited to draw up and implement action plans to reduce these risks.

The second phase is a narrower inquiry to be carried out if a council is unable to reduce identified risks. After detailed work, auditors will make recommendations which councils will be expected to put into action and Audit Scotland will ask the Commission to endorse these recommendations in a public report.

In 2008/09, risk assessments were carried out in 19 councils. All the councils' action plans and progress will be reviewed during the next round of risk assessments. No focused audits were required this year.

Reports:

- **National Fraud Initiative in Scotland 2006/07**

May 2008

A report prepared by Audit Scotland for the Accounts Commission and the Auditor General.

- **Priorities and Risks Framework: 2008/09-2010/11**

November 2008

National audit planning tool for local government.

- **Aberdeen City Council: Annual Audit 2007/08**

January 2009

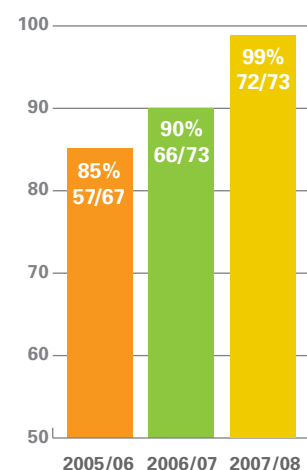
A report by the Controller of Audit to the Accounts Commission under Section 102(1) of the Local Government (Scotland) Act 1973.

- **Shetland Islands Council: Annual Audit 2007/08**

January 2009

A report by the Controller of Audit to the Accounts Commission under Section 102(1) of the Local Government (Scotland) Act 1973.

Final audit reports produced by 31 October



Best Value

The first round of Best Value (BV) audits is now nearing the end, after just over four years. By March 2009, the Accounts Commission had considered 31 out of 32 audits of Best Value and Community Planning in Scottish councils with the final report, on East Dunbartonshire, considered by the Commission in April and published in May.

In 2008/09, we considered first-time reports on ten councils, progress reports for three further councils and held a public hearing following the BV audit of Aberdeen City Council (see case study on page 16).

There is evidence that BV audits are helping to make a difference. All three BV progress reports showed varying levels of improvement, with Inverclyde's progress report demonstrating that BV audit can play an important part in improvement (see case study opposite). BV scrutiny has enabled far greater insight into how councils are organised to deliver improving services to local communities.

Most of the councils that had a BV audit in 2008/09 have submitted improvement plans, with the rest due in the first few months of 2009/10. Local audit reports published in October 2008 demonstrate that councils are continuing to make progress in implementing their plans, although the pace and scale of change varies. What is evident is that those councils best placed to deliver high-quality, user-focused services, and to make a significant difference to their communities, have a leadership culture which supports BV, including effective corporate systems and processes.

These principles, findings and the positive feedback we have received on the work so far have provided sound foundations for developing the audit. We are now working to develop Best Value 2 which will be introduced by January 2010 (see page 18).

Reports:

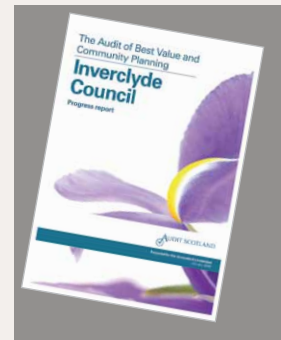
- **Falkirk Council**
May 2008
- **North Lanarkshire Council**
May 2008
- **Aberdeen City Council**
May 2008
- **Orkney Islands Council**
June 2008
- **Midlothian Council**
June 2008
- **Aberdeenshire Council**
June 2008
- **Perth & Kinross Council**
August 2008
- **Argyll & Bute Council: progress report**
December 2008
- **Inverclyde Council: progress report**
January 2009
- **The Moray Council: progress report**
February 2009
- **South Lanarkshire Council**
February 2009
- **Fife Council**
March 2009
- **Dumfries & Galloway Council**
March 2009

“There is evidence that Best Value audits are helping to make a difference.”

Case study

The Best Value audit of Inverclyde Council

By early 2009, Inverclyde Council had moved from being a body with serious weaknesses in both its leadership and management to one with solid foundations and a clear commitment to improving its performance and the services it provides.



We made our first assessment of the council's performance in June 2005. It highlighted extensive and fundamental weaknesses in leadership and direction by elected members and senior management, which were preventing the council from improving.

These were serious concerns and we made a number of recommendations, including one that the council seek external help.

Audit Scotland then carried out a number of progress reports. The first was published in November 2005 and found that while the council had made progress, there was 'still a long way to go'. The next progress report in February 2007 found that Inverclyde had made encouraging progress, and was showing a 'clear commitment and enthusiasm to improve'. The council had appointed a

new chief executive, set up a new management structure and appointed a new corporate management team. It had also established new political management arrangements, and relationships between politicians and officers had improved.

When we reported again in January 2009, the council had made significant progress. Many of the building blocks of BV were in place and there was a foundation for further improvement. Inverclyde had a clear strategic direction, improved its medium to long-term planning and changed its political management arrangements and management structures. New systems and processes were becoming embedded and services were improving. The report concluded that Inverclyde recognised that it still needed to improve and was clearly committed to doing so.

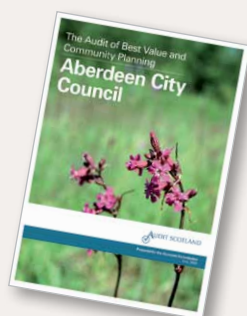
Case Study

The Best Value audit of Aberdeen City Council

A number of changes have taken place at Aberdeen City Council since we held a public hearing in May 2008. A new chief executive has taken up post and has already outlined plans to restructure the council.

These developments follow our consideration of a BV report on the council in March 2008. This expressed doubt over whether the council leadership would be able to make the cultural and behavioural changes necessary for the council to achieve BV. A separate report on property sales identified serious shortcomings in internal control and monitoring procedures. Audit work had already highlighted a range of problems with corporate governance and evidence of significant weaknesses in major services. At the same time the council's financial position was described as 'precarious'.

We decided to hold a public hearing in Aberdeen, so we could hear evidence firsthand and gain a greater understanding of the council's position and its difficulties.

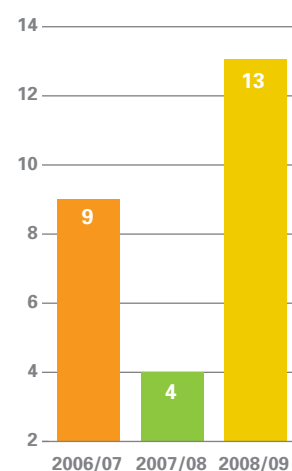


Over the course of two days, the Controller of Audit and other Audit Scotland staff, the appointed auditors, elected members and senior officers, trade union and voluntary sector representatives, gave evidence to the Commission, represented by a panel of its members. National and local journalists and other members of the public were also there.

In the findings that we issued a few weeks later, we said that Aberdeen City Council was facing extremely serious challenges and needed external support to help make the changes needed; it did not have the capacity to do this on its own. While the council was held to lack a full appreciation of the seriousness of the circumstances it faced, it did accept the findings and recommendations.

We will consider a report on the council's progress in implementing BV in July 2009.

Best Value audits and progress reports



Improving scrutiny

“This gate-keeping role has given us the welcome opportunity to work more closely with other scrutiny bodies.”

As the 2008/09 financial year drew to a close, work to improve the coordination of local government scrutiny reached an important milestone. Much of the planning has been carried out and we now enter a development phase.

Following the publication of The Crerar Review of scrutiny in November 2007, the Scottish Government made a commitment to establish a simplified and coherent approach to the scrutiny of local government. The Cabinet Secretary for Finance and Sustainable Growth wrote to the Accounts Commission, asking it to take on a gate-keeping and coordination role during this period of considerable change.

This gate-keeping role has given us the welcome opportunity to work more closely with other scrutiny bodies.

The Commission, along with representatives from HM Inspectorate of Education (HMIE), Social Work Inspection Agency (SWIA), the Care Commission, the Scottish Housing Regulator, HM Inspectorate of Constabulary for Scotland (HMICS) and NHS Quality Improvement Scotland (NHS QIS), set out three priorities, to:

- develop a shared risk assessment
- develop a single corporate assessment
- improve the programming and scheduling of scrutiny work.

Since the start of 2009, considerable progress has been made on each of these priorities, including through the development of Best Value 2 (BV2) (for full details see page 18).

Five BV2 pathfinder sites and two further development sites have been identified where the shared risk assessment model will be tested over the summer to winter of 2009.

Once fully developed, BV2 will be used as the single corporate assessment and a joint schedule is now in place for all planned strategic scrutiny visits in 2009.

In his first update to the Scottish Government in October 2008, the Commission chair told ministers that he expected the work will lead both to significant reductions in the aggregate cost of scrutiny and to improvements in effectiveness. Work is now in hand to monitor the effects of the changes we are making.

Best Value 2

In the spring of 2009, we carried out a consultation on Best Value 2 (BV2). This included a written consultation and a series of meetings with councils and discussions with stakeholders, such as the Convention of Scottish Local Authorities (COSLA), the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and the Scottish Government.

The Commission will test its approach to BV2 through a number of pathfinder audits over the late summer to winter of 2009, followed by the roll-out of BV2 from January 2010.

This is the culmination of the work we have been carrying out over the past year to develop the successor to the initial BV audit. We have used the results of the review we carried out in 2007, and our experience to date, to help us draw up a plan to ensure that the BV audit will continue to contribute to the improvement of local government services.

The Scottish Government's request that we take on a gate-keeping role to simplify and join up audit, scrutiny and inspection has also informed this development work.

BV2 has been designed as the single corporate assessment framework for local government which, through shared risk assessment and joint

scrutiny planning with colleagues in HMIE, SWIA, Scottish Housing Regulator, the Care Commission and HMICS, will contribute to the streamlining of local government scrutiny.

It will be based on the following principles:

- A stronger focus on outcomes as well as corporate performance management processes.
- A greater emphasis on community leadership as well as the effectiveness of partnership working.
- A stronger focus on the experience of citizens and service users.
- Improved coverage of service performance and the use of resources.
- A more proportionate and risk-based audit approach, founded on self-assessment.
- Improved audit reporting and greater transparency of audit process.
- Improved support for improvement and sharing of good practice.

Self-evaluation and support for improvement will feature more strongly as part of BV2. This means that the size and type of audit applied in each council will depend on the assessment of the risk associated with that council, so not all audits will

be the same in nature and scope. There will also be more emphasis on outcomes, the quality of local partnership working, sustainability and equality issues. Our approach will also set out our ambition for making BV2 even more relevant to local people and those who use and rely on council services.

The Commission has also initiated BV pilot work in Tayside Police and Northern Constabulary together with HMICS. The joint audit and inspection approach will examine both the police authority and the force and will follow the same corporate assessment framework as BV2, ensuring consistent application of BV principles across sectors.

Reports:

- **Best Value 2 – Proposals for consultation**
March 2009

The Commission published a range of consultation documents which set out how it plans to approach the second phase of audits of Best Value and Community Planning (BV2) and to invite feedback.



Performance audit

The Accounts Commission has the power to conduct studies and issue reports on performance in local government. Five in total were published in 2008/09, two of which were joint reports with the Auditor General for Scotland in areas of shared interest. Commission members are always involved in these reports (see case study opposite).

In addition to planned studies, reports are also produced in response to events. For example, the Controller of Audit conducted an investigation under Section 102(1) of the Local Government (Scotland) Act 1973, on property sales by Aberdeen City Council. A statutory report was presented to us, which found that the council made a potential loss of more than £5 million through the sale of several properties for below market value.

It is important to us that the impact of our performance audits is measurable. That is why we are pleased with the development of Audit Scotland's impact framework (outlined in more detail in its annual report and corporate plan). As part of this framework, we now receive impact reports from Audit Scotland on all the performance audits conducted on the Commission's behalf.

These reports outline the impact the work is intended to have and evidence of what has been achieved.

Accounts Commission reports:

- **Scottish fire and rescue authorities 2007/08: progress report**
July 2008
- **The impact of the race equality duty on council services**
November 2008
- **Overview of local authority audits 2008**
February 2009

Joint reports with the Auditor General for Scotland:

- **Improving energy efficiency**
December 2008
- **Drug and alcohol services in Scotland**
March 2009

Controller of Audit statutory reports:

- **Aberdeen City Council: Property sales investigation**
April 2008

Programme of performance audits 2009/10

February 2009 saw the publication of Audit Scotland's *Programme of performance audits 2009/10*. It outlines the national reports the organisation will produce over the next two years. The programme includes a number of studies which will be carried out on behalf of the Accounts Commission, and several joint studies for the Commission and the Auditor General for Scotland. We were involved early in the planning process to help provide strategic direction, and also contributed to the stakeholder consultation which was carried out in the summer of 2008.

Commission reports include studies on physical recreation services and the management of local government pension funds. Joint reports include community health partnerships and a series on the Commonwealth Games. The full programme of performance audits can be viewed on Audit Scotland's website.

“It is important to us that the impact of our performance audits is measurable.”

Case study

Drug and alcohol services in Scotland

Accounts Commission members Iain Robertson and Adrienne Kelbie sponsored a recent report on *Drug and alcohol services in Scotland*. This was a joint report by Audit Scotland for the Commission and the Auditor General. It was published in March 2009 and concluded that a coordinated effort is needed to ensure services meet local needs and are delivered to consistent standards nationally.

For every study that Audit Scotland carries out for the Commission, we provide two members as sponsors who are involved at each stage of the project through to publication of the report. They support the team from Audit Scotland by commenting on the initial project brief, discussing the study's emerging key messages and considering the draft report before it is presented to the full Commission meeting for approval. Sponsors act as a communication link between the study team and the Commission while the project is under way.

Sponsors have the opportunity to attend advisory committee meetings where the Audit Scotland team meets with key stakeholders. This gives the sponsors the chance to hear about the main issues from the people directly involved.

Adrienne Kelbie says of the role of sponsor: *“We provide support to the project team and give an external view on the project brief. You can stand back from the study and give a different perspective. You act as a critical friend.”*

Iain Robertson agrees: *“As a sponsor you bring additional objectivity and independence. It's a privileged position. You help keep an alignment between the work and the original scope of the project. Sponsors are people the team can bounce ideas off.”*

“The drug and alcohol report points out the areas that need more attention and shows that the dots need to be joined up between two of the major issues facing Scotland today. There is a need for more joint working from all the agencies involved in planning and delivering services.”



The report generated widespread media attention on its release and has been welcomed by the Scottish Government and the rest of the political parties represented in the Parliament. Less than a week after its publication, the Minister for Community Safety made a statement to Parliament in response to the report. This outlined a new framework for local action on alcohol and drugs and announced a national event for April 2009 to bring together key stakeholders.

In 2008/09, the work of the Commission was downloaded as follows:

Website usage

reports: 43,226
(average 3,602 per month)

podcasts: 29,214
(average 2,435 per month)

The work and the reports of the Accounts Commission can be found on the Audit Scotland website.

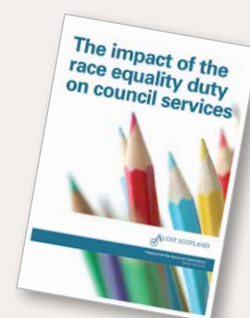
Case study

The impact of the race equality duty on council services

This report was published in November. It was downloaded from our website more than 1,000 times between publication and the end of March 2009 and generated more than 30 articles in the media, including features in national newspapers, magazines and professional publications.

The report was raised several times in the Scottish Parliament. An MSP asked what action the Scottish Government planned to take in response to the report and the Equal Opportunities Committee referred to it when taking evidence on the Scottish Government's Race Equality statement from civil servants and the Minister for Housing and Communities. The government has committed to acting on our report's recommendations in its programme of action on race equality over the period to 2011.

When we surveyed councils shortly after publication, nearly all agreed that the study had made a good impression. The Equality and Human Rights Commission welcomed the report in an open letter to the media and it has been praised by the chief executive of the Improvement Service, and by academics in the field of equalities.



The study's project manager delivered a range of presentations about the report. He addressed elected members from police, fire and rescue and valuation joint boards in the Central Scotland area and a national conference of equality stakeholders.

We are conscious of the need to ensure that our study reports achieve impact. To help keep us informed, Audit Scotland now produces impact reports for each study. We receive an initial report shortly after the study is published which records the short-term reaction of the media and stakeholders. Another follows a year after publication, giving stakeholders time to act on the report's recommendations. These impact reports are available on Audit Scotland's website.



Performance information

Each December, the Commission has a duty to direct local authorities to publish certain information on their performance, known as Statutory Performance Indicators (SPIs). These SPIs cover a range of services like roads and lighting, council tax collection and education.

The Commission does this by publishing a Direction. The 2008 Direction marks a significant departure from those given in previous years. We have reduced the number of specified PIs for councils from 58 in the 2007 Direction to 25, and for fire and rescue services from four to three. We have also linked reporting for police services directly to the Scottish Policing Performance Framework.

We have done this so that councils are reporting on those aspects of performance that are of most importance to local communities, and to align the SPIs with the responsibility that authorities have under BV for selecting and using performance information to drive continuous improvement in services.

The SPI Data Compendium and Council Profiles were published alongside the 2008 Direction on Audit Scotland's website in December. This is two months earlier than in previous years, meaning earlier access for stakeholders and councils who use the data for assessing performance and benchmarking progress.

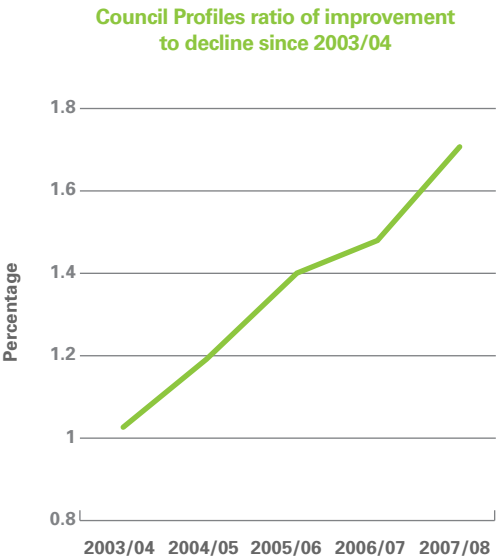
The Compendium provides all the SPI data for Scotland's councils and fire and rescue services for the previous financial year and allows the councils' achievements against each indicator to be tracked over time (provided those indicators have been used in previous years). It also gives links to the Scottish Government's site outlining all the data for the Scottish Policing Performance Framework which contains all the police SPIs.

The Council Profiles give individual profile reports on Scotland's councils, with details of their performance against a range of measures taken from the SPIs, and reports comparing councils on a range of key services. For the information relating to 2007/08 we can compare three-year trend data on 69 of the measures used.

The Commission seeks to provide a broadly rounded picture of council performance, so as well as being published on Audit Scotland's website, the SPI data feeds into some of our other work so they can be considered in a fuller context. Councils' service performance, including various SPIs, was highlighted in BV reports and the *Overview of local authority audits*.

“The 2008 Direction marks a significant departure from those given in previous years. We have reduced the number of specified PIs for councils from 58 in the 2007 Direction to 25, and for fire and rescue services from four to three.”

The 2008 overview report, published in February 2009, included information showing that across the 32 councils, the overall ratio of improvement to decline for the comparable measures in the Council Profiles was 1.7 to 1. This continued an encouraging trend of improvement over the five years since the introduction of the 2003 Act when the ratio was 1.04 to 1.



The table shows the change in the ratio of improvement to decline for those measures in the Council Profiles that facilitate comparison.

Governance

In September 2008, the terms of three Commission members ended and two new members were appointed a month later. As part of their induction the new members attended the Scottish Government's seminar for new board members.

At our annual strategy meeting in February 2009 we reviewed what worked in 2008/09, and considered what issues needed to be kept under review and what new opportunities existed. Key themes of the meeting were: the development of Best Value 2; progress with improving the scrutiny of local government; a review of Accounts Commission performance over the year; and public audit in Scotland.

The full Commission normally meets on a monthly basis, with additional meetings as required. Two subcommittees, the financial audit and assurance (FAA) and the performance audit (PA) committees, meet three to four times per year to consider specific aspects of the Commission's functions. In 2008/09, the Accounts Commission met 13 times (the minutes of the Accounts Commission meetings are available on the Audit Scotland website). The FAA committee met three times and the PA committee five times.

In addition to attending meetings, Accounts Commission members are closely involved in performance studies, with each study being sponsored by two members who represent the interests of the Commission in discussions with the study team. Members attend follow-up meetings with councils following consideration of BV reports. These meetings are led by either the Commission chair or deputy chair.

In 2008/09, we were also involved in the wide-ranging consultation that Audit Scotland held on its corporate plan for 2009–12. We received regular reports on Audit Scotland's performance against its priorities and targets. The performance of Audit Scotland is reported separately in its annual report, which is available at www.audit-scotland.gov.uk

The chair of the Accounts Commission is also the chair of the Audit Scotland Board. The deputy chair of the Commission is a board member of Audit Scotland and chair of its audit committee.

Reports:

- **Accounts Commission annual report 2007/08**
June 2008
This report reviews the work of the Accounts Commission for the year 2007/08.
- **Accounts Commission annual report on gender equality – progress report**
June 2008
A progress report on the Accounts Commission's responsibility for gender equality to June 2008.
- **Accounts Commission disability equality annual report**
December 2008
A progress report on the Accounts Commission's responsibility for disability equality to November 2008.

Accounts Commission Annual Report

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June 2009

ISBN 978 1 906752 52 1

This publication is printed on 100% recycled paper