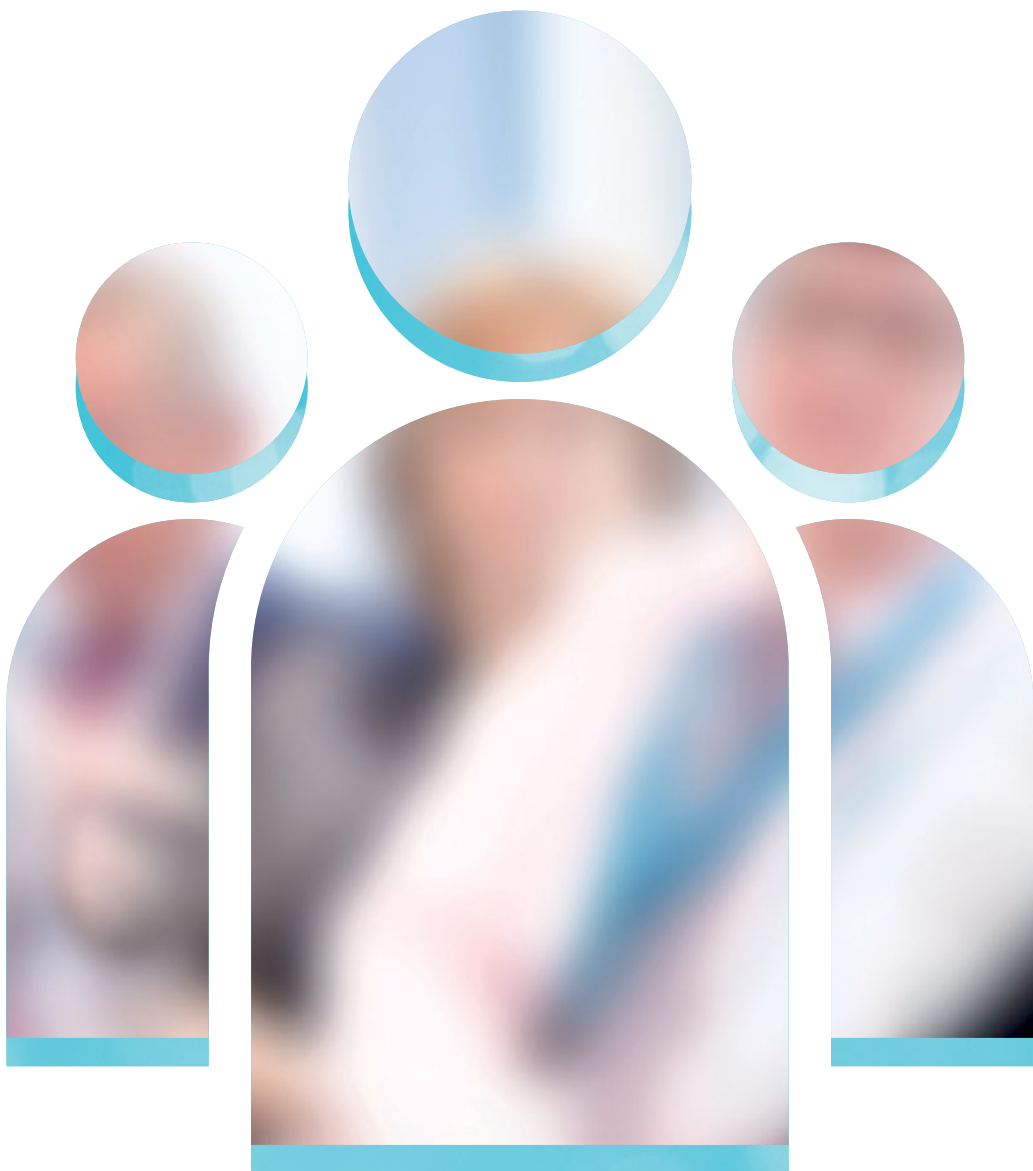


Annual report

2016/17




Who we are

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about our role, powers and meetings on the Accounts Commission [web pages](#) .

The current members of the Commission are listed on [page 15](#).

Contents

Our year	4
Chair's foreword	5
Changing the way we do things	6
Our work	7
Best Value	10
Highlights	12
Our members	15

Our year

April 2016

Reshaping care for older people – Impact report

May 2016



School education – Impact report and Scrutiny supplement

May 2016

South Ayrshire Council: Best Value audit report

June 2016



Maintaining Scotland's roads: a follow-up report

August 2016

Social work in Scotland

September 2016

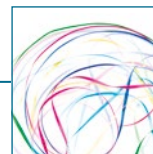


Angus Council: Best Value audit report

October 2016

Borrowing and treasury management in councils – Impact report

November 2016



Roles and working relationships in councils: are you still getting it right?

November 2016

Local government in Scotland: Financial overview 2015/16

November 2016



Falkirk Council: Best Value audit report

December 2016

East Dunbartonshire Council: Best Value audit report

December 2016



Local government in Scotland: Performance and challenges 2017

March 2017

31 March 2017

Chair's foreword



It has been another testing year for councils in Scotland. They face increasingly complex challenges and are doing a difficult job with less resource.

Ronnie Hinds

Acting chair of the
Accounts Commission

Our work over the last year highlights greater pressures, for example on social work. Public satisfaction with some services has declined but there is also some evidence of progress where councils have grasped the nettle of change and new ways of working.

The Commission continues to fulfil its dual role of scrutiny, providing assurance that public money is well spent, as well as promoting improvement.

The year also ended on a poignant note for us with the retiral of our chair, Douglas Sinclair. Sadly, Douglas subsequently died.

Douglas served the Commission for ten years, first as a member, then as deputy chair and from December 2013 as chair. In that time he brought a wealth of knowledge and experience from his many senior roles in local government and decades of public service.

He was a passionate advocate for local democracy and a champion of high-quality services for local people. Under his leadership the Commission greatly strengthened its role as independent public watchdog acting in the public interest.

Douglas and his service to the Commission and to public service will be greatly missed.

Changing the way we do things



The Commission values its role in being able to provide assurance and report publicly on the performance of local government. In this way, we seek to inform debate and scrutiny of important public services.

We encourage councils to be innovative and find new ways of working. And we seek to apply those same principles to the work we do.

Over the last year we have made simple changes offering more practical help, such as splitting our flagship overview report into two parts. The first looked at financial issues and was published earlier – in November – to assist councils as they set their new budgets.

Our main overview report in March 2017 was aimed to help newly-elected councillors to get to grips with their roles. Their work is more complex than ever and they need the right skills and training to challenge and scrutinise decisions and performance, and fully assess options for new and different ways of providing services within reducing budgets.

We have used social media to carry out surveys to capture users' experience of early years, childcare services and self-directed support.

We also introduced new features in the latest report of our How councils work series on roles and relationships. We held round table discussions pooling insights from leading Scottish and UK experts. The results were [published online](#) with a particular emphasis on a [checklist for councillors](#) to ensure they were fully informed.

We are encouraged by the positive feedback we have received from stakeholders on these new approaches and outputs.



Local government in Scotland: Financial overview 2015/16

November 2016



Local government in Scotland: Performance and challenges 2017

March 2017




How councils work

Round table discussions

Our work

Local government financial overview

This [report](#)  was timed to provide practical help for councils as they considered their budgets for the following year.

It said councils had remained within their overall budgets, increased their reserves slightly and reduced their debt in 2015/16.

Each council has its own particular challenges but all of them face financial shortfalls requiring further savings or using reserves. The Commission believes they have to change the way they work if they are to make the savings needed while continuing to provide satisfactory services.


The report warns that further reductions are expected while demand on key services, particularly social care, continues to rise. Councils also face increased cost pressures in areas such as pension provision.



Local government in Scotland: Financial overview 2015/16

 November 2016

Local government overview

This [report](#)  was aimed at new councillors coming in after the May 2017 elections. They face major challenges and need to focus on improving long-term planning.

It outlined a long-term decline in Scottish Government real terms funding which makes up around 60 per cent of council income.

At the same time, there continues to be increasing pressures on services, particularly in social care and education which together account for over 70 per cent of council spending.

The report says councils overall have maintained or improved their performance in the face of these challenges. However, public satisfaction in some services is declining and complaints are increasing. Looking ahead, councils need to better involve their communities in service design and delivery.


There are wide variations between councils. Some have found new ways to provide services more efficiently. Others have been slower off the mark. Councils have made savings by cutting jobs but half of them still don't have organisation-wide workforce plans.



Local government in Scotland: Performance and challenges 2017

 March 2017

Social work

[*Social work in Scotland*](#)  was probably our most prominent report in terms of impact on people's everyday lives. This was the first Commission review of social work provision nationally. The report's conclusion was stark – social work now stands at a watershed and the public and service users must be more involved in shaping future provision.

The report estimated that social work will need up to £667 million a year more by 2020, unless new ways of delivering services are implemented.

Fundamental decisions have to be taken on how services are provided in the future and councillors must have the knowledge and skills to deal with the complexities and risks involved. They should lead a wider debate with local people on the level, nature and affordability of services. More work is also required to involve users in how services are designed, commissioned and run.

What was notable was the sheer range and complexity of care provided for 300,000 Scots – from young children to increasing numbers of frail elderly people. The public, voluntary and private sectors employ just over 200,000 social work and care staff. But most care is provided by 759,000 unpaid carers and is valued at £10.8 billion a year.

Since 2011/12, social work spending has increased by three per cent when overall councils' spending has fallen by 11 per cent. Councils have made savings by reducing services and cutting costs.

But they now have to implement a raft of new legislation and policies. Social work has largely been reorganised into new integrated joint boards, bringing together representatives of local councils and NHS boards, resulting in a more complex set of roles and responsibilities.


The Commission, along with the Auditor General, is keeping a close eye on how the new joint boards are progressing.



[Social work in Scotland](#)

 [September 2016](#)

Roads maintenance

Our [joint report](#)  with the Auditor General in August 2016 said urgent action was required to improve the condition of Scotland's roads.

Roads authorities, locally and nationally, urgently need to be more innovative, develop robust ways to compare relative efficiency, and engage better with road users. Sharing roads maintenance services on a regional basis can offer significant benefits but progress in developing this has been slow and there is still no clear plan or timetable to deliver it in practice.

Councils maintain most of Scotland's roads network. The proportion of these roads classed as being in acceptable condition has remained constant at around 63 per cent over the four years 2011/12 to 2014/15, despite the fact that councils' spending on maintenance fell by 14 per cent over the same period.

The report said councils face increasing pressures and challenges but progress in developing a shared services approach between councils for roads has been disappointingly slow. They can and should collaborate much more to secure better value for money.

Transport Scotland maintains motorways and key trunk routes where spending fell by four per cent between 2011/12 and 2014/15. The proportion in acceptable condition also fell from 90 per cent to 87 per cent over the same period.



[Maintaining Scotland's roads: a follow-up report](#)

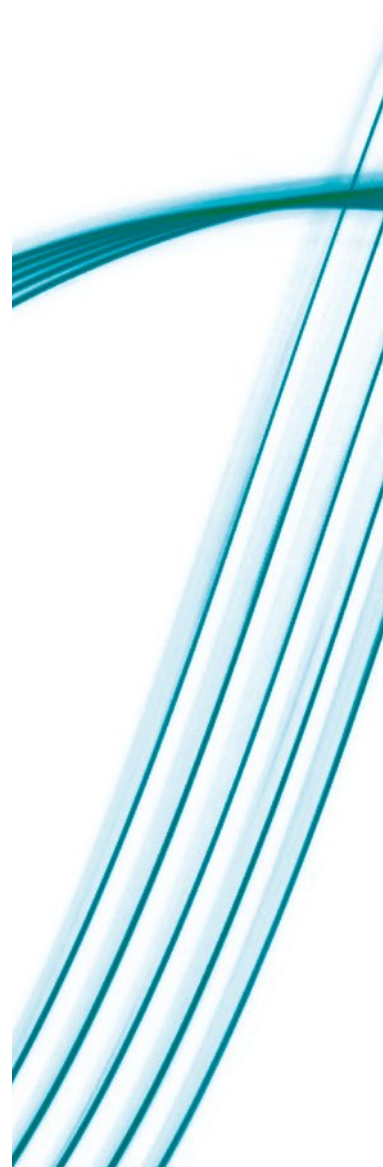
 [August 2016](#)

Best Value

Reporting

We carried out four audits during 2016/17 looking at how individual councils were meeting their statutory duty since 2003 to demonstrate Best Value and continuous improvement:

- South Ayrshire (June 2016) has made significant progress since a critical audit in February 2014, establishing an improvement framework across the council. New staff has been recruited to key positions and there are better working relationships between councillors. Clear political and managerial leadership is making a positive difference.
- Angus (October 2016) has made progress in recent years setting out a clear vision, modernising its business processes and improving the leadership provided by senior managers. However, the council needs to be more ambitious and speed up the pace of change in order to meet its £26.5 million savings target.
- The Commission said it was disappointed with developments at Falkirk (December 2016) since August 2015, during which time savings over three years required by the council have grown from £46 million to £61 million. Although there has been activity at the council, there has been limited progress in addressing the underlying need for better coordinated and more radical change.
- A similar picture emerges at East Dunbartonshire (December 2016) where the Commission said it remains concerned that issues identified in two previous reports have not been adequately addressed. Some improvements have been made but the council needs to do a lot more to meet the financial challenges it faces.



South Ayrshire
Council

↓ June 2016



Angus
Council

↓ October 2016



Falkirk
Council

↓ December 2016



East Dunbartonshire
Council


↓ December 2016

Taking forward

Best Value means getting the most out of every pound spent.

It has been a statutory duty on councils since 2003. We have asked and are supporting the Scottish Government and councils to refresh and update the meaning of Best Value to ensure that Best Value continues to be relevant to the challenges councils and other bodies face today.

A lot of work has been under way over the past year streamlining our approach to provide better assurance to the public. Above all, we want Best Value to become a constant and consistent part of audit reporting, as a cornerstone of our aim of helping every council to improve.

We produce annual reports and accounts on all 32 local authorities. These mainly concentrate on financial matters but in the light of our new [Code of Audit Practice 2016](#) , auditors will specifically look at elements of Best Value. Best Value will feature clearly in the annual audit report for every council.

In addition, we are launching new Best Value Assurance Reports to provide more regular check-ups of how individual councils are doing. This means that at least once every five years all councils will come under the spotlight of a report which looks beyond balance sheets to other issues such as leadership, governance and performance.

The first of these new Best Value assurance reports is due in June 2017 and six are planned over the coming year.

An essential feature in developing our new approach has been collaboration with councils: there was much discussion with councils, culminating in December 2016 with roadshows in Glasgow, Edinburgh and Inverness to discuss the new approach with council leaders and chief executives. Their feedback was encouraging and constructive.



Inverclyde
Council



Renfrewshire
Council



East
Renfrewshire
Council



West Lothian
Council

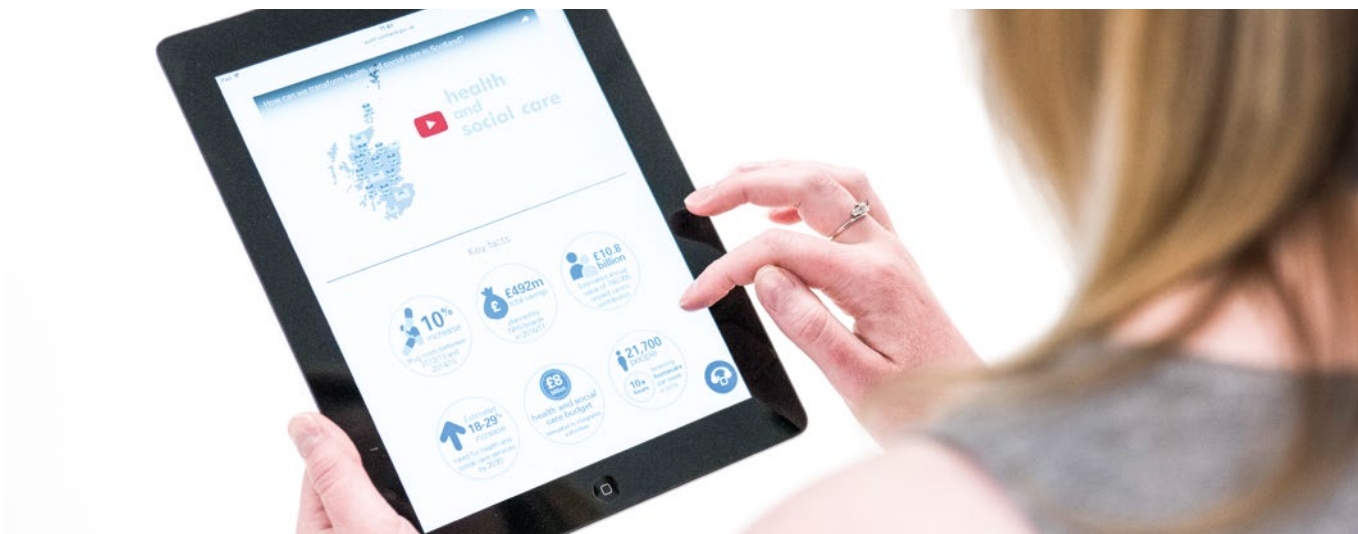


Orkney Islands
Council



Clackmannanshire
Council

Highlights





Making our work more accessible


People need clearer information on how their council is doing. This is a key focus for the Commission in its own work.

Few enjoy wading through endless spreadsheets and reams of financial information. Much more can be and is being done to make scrutiny easier both for the public and for the councils that serve them.

We've used new formats to help this, such as a short animation on health and social care in Scotland setting out what needs to happen to bring about real and positive change.

We've continued to develop graphics to highlight key points from our reports. We also provide check lists for councillors and interactive tools where people can understand the data beneath our reports and draw the precise information they want at the click of a mouse.

[**Maintaining Scotland's roads: a follow-up report**](#)  proved a popular download choice as did the [**Local government in Scotland: Financial overview 2015/16**](#) .

Much of this is alongside the work of the Improvement Service and SOLACE (the body representing council chief executives) in the [**Local Government Benchmarking Framework**](#) . The Commission is encouraged at the progress by the framework in helping councils find ways to improve and to help them report their performance to the public.

This also fits in with the aim of the new Community Empowerment Act to strengthen the voice and increase the profile of communities in how their councils are run.





Working with others

The Commission's key watchdog role is to hold councils to account. We greatly value our independence and integrity.

At the same time, we are also part of the wider local government community sharing a common purpose to improve services for the people of Scotland.

It is important to us that the chair and Commission members follow up reports through meetings with councils. Direct feedback and exchange of views provide insight for us as well as councils.

The Commission provided briefings on its work to Parliamentary committees. We met with the new local government minister Kevin Stewart and welcomed guest speakers to our meetings.

Our reports help inform debate on current and future policy. Commission members and our auditors gave presentations at related conferences and seminars.

We value the work of our principal partners, the Auditor General and Audit Scotland; accountancy firms managing some of our audits; and other scrutiny bodies in helping us make progress throughout the year.

New audit appointments

Every five years we appoint a new set of auditors to carry out our work. These remain a mixture of Audit Scotland staff and accountancy firms doing this work on our behalf.

The aim is to ensure that the Commission benefits from fresh perspectives while also allowing sufficient time for auditors to build experience and knowledge of the body they audit. Prior to the Commission's arrival in 1975, many local councils had the same auditor for decades.

The new appointments took effect in 2016/17. At the same time, a new [Code of Audit Practice 2016](#)  was published. The code defines the shape and conduct of the audit and what it needs to cover.

New audits:

The Commission is responsible for auditing the new local boards (IJBs) integrating health and social care across the country.

Pictured here are our auditors Sandra Boyd (left) and Anna Faulds (right) with Marie Moy (centre) of the South Lanarkshire IJB.



One of the priorities the Commission set for auditors in the new Code was to monitor how effectively councils are involving citizens in decisions about services. Another priority was to monitor the quality of council public performance reporting which helps citizens gauge council improvement. We will see auditors' assessments in our Best Value reports and through annual audit reports.

Measuring our impact


We provided updates on the impact of our performance audits – such as Borrowing and treasury management. These updates are done for every published performance audit around 18 months after the audit report. These cover how the audited bodies have responded to the report, and how the report was considered by others, such as the Parliament. Alongside our update on our performance audit on school education we published a supplement aimed at highlighting best practice to education committees.

Previous reports still rank highly alongside the most recent for downloads from our web pages – the top two for last year were on health inequalities and health and social care integration which we jointly published with the Auditor General.



Reporting on fraud

Around 100 public bodies, including councils, take part in the National Fraud Initiative co-ordinated by Audit Scotland and shared with the Commission. Its report in August 2016 identified nearly £17 million of fraud and error across services.



A [review](#)  also reported in January 2017 on the impact of new housing benefit counter-fraud work since the transfer of this function from councils to the Department of Work and Pensions (DWP) in 2014. The review found that the current process does not provide sufficient assurance that public funds administered by local authorities are being protected. With the significant issues identified, DWP and councils say they are committed to delivering process improvements and implementing a structured and regular approach to local liaison.



Scrutiny coordination

We continue to work with other scrutiny bodies such as the Care Inspectorate and Education Scotland to make sure that the scrutiny of local government is better targeted and more proportionate to risks to performance that we identify.

The Commission is responsible for coordinating and facilitating scrutiny in local government. This is done through the Strategic Scrutiny Group which in reviewing its role agreed on more joint work and sharing more evidence.

We produce [local scrutiny plans](#)  for all 32 councils. These form the basis of a [national plan](#)  showing scrutiny, to ensure each council keeps on track and makes necessary improvements.



Our members

The Accounts Commission currently has 11 members, all of whom are appointed by Scottish ministers. The Commission meets monthly and its meetings are open to the public.



Ronnie Hinds

Acting chair

 Register of interests



Alan Campbell

 Register of interests



Sandy Cumming

 Register of interests



Sophie Flemig

 Register of interests



Sheila Gunn

 Register of interests



Christine May

Acting deputy chair

 Register of interests



Tim McKay

 Register of interests



Stephen Moore

 Register of interests



Graham Sharp

 Register of interests



Pauline Weetman

 Register of interests



Geraldine Wooley

 Register of interests

Secretary to the Accounts Commission



Paul Reilly

Annual report

2016/17

This report is available in PDF and RTF formats,
along with a podcast summary at:

www.audit-scotland.gov.uk 

If you require this publication in an alternative
format and/or language, please contact us to
discuss your needs: 0131 625 1500

or info@audit-scotland.gov.uk 

For the latest news, reports
and updates, follow us on:



ACCOUNTS COMMISSION 

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

T: 0131 625 1500 E: info@audit-scotland.gov.uk 

www.audit-scotland.gov.uk 

ISBN 978 1 911494 22 5

This publication is printed on 100% recycled, uncoated paper

