

The Accounts Commission for Scotland

Agenda

**Meeting on Thursday 14 April 2011,
in the offices of Audit Scotland, 18 George Street, Edinburgh**

The meeting will begin at 10:00 am

1. **Apologies for absence**
2. **Declarations of interest**
3. **Decisions on taking business in private:** The Commission will consider whether to take item 13 in private.
4. **Minutes of meeting of 17 March 2011**
5. **Minutes of meeting of the Performance Audit Committee of 17 March 2011**
6. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
7. **Update report by the Controller of Audit:** The Commission will consider a report from the Controller of Audit on significant recent activity in relation to the audit of local government.
8. **Best Value audit of fire and rescue services:** The Commission will consider its approach to the Best Value audit of fire and rescue services.
9. **Scottish Government consultations on the future of policing and the future of the fire and rescue service in Scotland:** The Commission will consider the consultation papers.
10. **Northern Joint Police Board and Northern Constabulary:** The Commission will consider a report on a follow-up meeting with Northern Joint Police Board and Northern Constabulary.
11. **Best Value in Public Services - Guidance for Accountable Officers:** The Commission will consider guidance issued by the Scottish Government.
12. **Accounts Commission Digest:** The Commission will consider any points that arise from its regular briefing on current issues.
13. **Performance audit on Community Health Partnerships:** The Commission will consider a draft report.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
<p>Agenda Item 4:</p> <p>Minutes of the meeting of the Commission of 17 March 2011</p>	AC.2011.4.1
<p>Agenda Item 5:</p> <p>Minutes of the meeting of the Performance Audit Committee of 17 March 2011</p>	AC.2011.4.2
<p>Agenda Item 7:</p> <p>Update report by the Controller of Audit</p>	AC.2011.4.3
<p>Agenda Item 8:</p> <p>Report by the Director of Best Value and Scrutiny Improvement</p>	AC.2011.4.4
<p>Agenda Item 9:</p> <p>Report by the Director of Best Value and Scrutiny Improvement</p>	AC.2011.4.5
<p>Agenda Item 10:</p> <p>Note of follow-up meeting</p>	AC.2011.4.6
<p>Agenda Item 11:</p> <p>Report by the Director of Best Value and Scrutiny Improvement</p>	AC.2011.4.7
<p>Agenda Item 12:</p> <p>Accounts Commission Digest for April 2011</p>	AC.2011.4.8
<p>Agenda Item 13:</p> <p>Report by the Director of Performance Audit (<i>PRIVATE PAPER - For members only</i>)</p> <p>Draft performance audit report (<i>PRIVATE PAPER - For members only</i>)</p> <p>Draft key messages paper (<i>PRIVATE PAPER - For members only</i>)</p>	<p>AC.2011.4.9</p> <p>AC.2011.4.10</p> <p>AC.2011.4.11</p>

ACCOUNTS COMMISSION

MEETING 14 APRIL 2011

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 17 March 2011, at 10:00 am.

PRESENT: John Baillie (Chair)
 Michael Ash
 Sandy Cumming
 Colin Duncan
 James King
 Bill McQueen
 Colin Peebles
 Linda Pollock
 Graham Sharp
 Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
 Fiona Kordiak, Director of Audit Services
 Mark Brough, Secretary & Business Manager
 Antony Clark, Assistant Director, Best Value and Scrutiny Improvement
 Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 9]
 Paul Reilly, Project Manager, Best Value and Scrutiny Improvement [Item 9]
 Russell Frith, Assistant Auditor General [Items 11 and 13]
 Dave Beveridge, Senior Manager, Audit Strategy [Items 11 and 13]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interests
3.	Decisions on taking business in private
4.	Minutes of meeting of 17 February 2011
5.	Minutes of the Financial Audit and Assurance Committee of 10 February 2011
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Co-ordination of local government scrutiny functions
9.	Local government overview reporting
10.	Reports by the Controller of Audit
11.	Code of Audit Practice - 2011
12.	Accounts Commission Digest
13	Audit appointments for 2011/12 to 2015/16

The Chair welcomed Sandy Cumming to his first meeting, having been appointed by Scottish Ministers as a member of the Commission with effect from 1 March 2011.

1. Apologies for absence

Apologies were received from Alan Campbell and Christine May.

2. Declarations of interests

No declarations of interests were made.

3. Decisions on taking business in private

The Commission agreed to take item 13 in private in order to allow deliberation on a report that includes information of a commercially sensitive nature.

4. Minutes of meeting of 17 February 2011

The minutes of the meeting of 17 February 2011 were submitted and approved.

5. Minutes of the Financial Audit and Assurance Committee of 10 February 2011

The Commission noted the minutes of the meeting of the Financial Audit and Assurance Committee of 10 February 2011.

6. Chair's introduction

The Commission agreed to a proposal from the Chair that Sandy Cumming be appointed a member of the Financial Audit and Assurance Committee.

The Chair reported that—

- Three reports had been published since the Commission last met - the Best Value audit report on Grampian Police and Grampian Joint Police Board, the Best Value audit report on North Ayrshire Council and the report on The Highland Council in respect of the Caithness Heat and Power project.
- On 23 February, he, accompanied by the Controller of Audit and Gordon Smail of Audit Scotland had given evidence to the Local Government and Communities Committee of the Scottish Parliament on the report *An Overview of Local Government in Scotland 2010*.
- On 3 March, he had taken part in a seminar for elected members on the issues and recommendations arising from the Commission's report *Roles and working relationships: Are you getting it right?*. This seminar had been organised jointly with the Improvement Service.
- On 4 March, he and two other members along with Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland, met representatives of Northern Constabulary and Northern Joint Police Board in a follow-up meeting to the Best value audit report.
- Several members had attended parts of the COSLA/Improvement Service annual conference on 9-11 March on behalf of the Commission.

Bill McQueen had attended a conference on 'Delivering services in a constrained public spending environment' on behalf of the Commission, and gave a short report back.

7. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on recent activity in relation to the audit of local government.

During discussion the Commission noted the apparent desire – noted in recent reports, debates and legacy papers – of Scottish Parliament committees to develop their engagement and communication with the Commission.

8. Co-ordination of local government scrutiny functions

The Commission considered a report by the Director of Best Value and Scrutiny Improvement introducing correspondence from the Cabinet Secretary for Finance and Sustainable Growth, John Swinney MSP, on the Commission's role in co-ordination of local government scrutiny functions. This letter was accompanied by a report on an exercise to take stock on the scrutiny co-ordination work to date.

Following discussion, the Commission agreed that the Chair should write to the Cabinet Secretary, welcoming his request for the Commission to continue, as one of its accepted functions, the co-ordination and facilitation role in respect of local government scrutiny that it has hitherto been fulfilling on a transitional basis.

The Commission also noted from the stock-take report that consideration will be given to the further development of the collaborative approach to scrutiny activity. The Commission agreed that it would continue consideration of these issues with its scrutiny partners over the coming months.

9. Local government overview reporting

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on options for its future approach to its annual local government overview report.

The Commission noted recommendations to it from its Financial Audit and Assurance Committee, which had considered the matter at its meeting on 10 February 2011.

Following discussion, the Commission agreed—

- That an annual local government overview report should in future be prepared in accordance with the provisions of section 97A of the Local Government (Scotland) Act 1973;
- That a sponsorship role on the development of the overview report should be delegated to the Chair, the chairs of the Financial Audit and Assurance Committee and the Performance Audit Committee and one other member of each committee;
- That a draft report should be submitted to the Commission for consideration around the end of the year.

10. Reports by the Controller of Audit

The Commission considered a report by the Secretary and Business Manager on procedures relating to the making of reports by the Controller of Audit under section

102 of the Local Government (Scotland) Act 1973, and the Commission's consideration of such reports.

Following discussion, the Commission agreed to authorise the Secretary and Business Manager to prepare public guidance notes in a suitable format on procedures relating to reports by the Controller of Audit, and for the final form of that guidance to be approved by the Chair.

11. Code of Audit Practice - 2011

The Commission considered a report by the Assistant Auditor General inviting it to consider final changes required to the new Code of Audit Practice which comes into effect from 2011/12 audits.

The Commission noted that the final changes take account of statutory guidance on the requirement on auditors to provide a separate audit report on the accounts of the local government pension scheme.

The Commission approved the Code, subject to further consideration being given to—

- The way in which the role of the Accounts Commission is described, so that it is consistent with other documents;
- Whether a more explicit statement can be included on the role of auditors in relation to other bodies through which councils may deliver services.

12. Accounts Commission Digest

The Commission considered and noted its regular briefing on current issues, and sought further information on a number of points.

13. Audit appointments for 2011/12 to 2015/16 (In private)

The Commission considered a report by the Assistant Auditor General inviting it to approve provisional audit appointments for 2011/12 to 2015/16, to be made as a result of the audit tender process that commenced in October 2010. The Commission had authorised the Chair, and Bill McQueen, as chair of the Commission's Financial Audit and Assurance Committee, to represent it in the assessment and interviewing of tenderers.

Following discussion, the Commission agreed—

- That the successful and unsuccessful tenderers described in the report should now be notified; and
- That consultation with firms and audited bodies should proceed on the basis of the provisional allocation of audit appointments described in the report.

The Commission noted that, following this consultation, a final report inviting it to make formal appointments of local government auditors for 2011/12 to 2015/16 would be submitted to a subsequent meeting.

ACCOUNTS COMMISSION

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MINUTES OF PERFORMANCE AUDIT COMMITTEE

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh, following the meeting of the Accounts Commission on Thursday, 17 March 2011.

COMMITTEE MEMBERS PRESENT:

Douglas Sinclair (Chair)
Mike Ash
Jim King
Colin Peebles
John Baillie

OTHER COMMISSION MEMBERS PRESENT:

Linda Pollock

IN ATTENDANCE:

Mark Brough, Secretary and Business Manager
Barbara Hurst, Director, Performance Audit Group
Fraser McKinlay, Director of Best Value and Scrutiny Improvement
Angela Canning, Assistant Director, Performance Audit Group
Angela Cullen, Assistant Director, Performance Audit Group
Ronnie Nicol, Assistant Director, Performance Audit Group
Graeme Greenhill, Portfolio Manager (Transport, Enterprise and Tourism), Performance Audit Group [Item 4]
Michael Oliphant, Project Manager, Performance Audit Group [Item 4]
Claire Sweeney, Portfolio Manager (Primary and Community Care), Performance Audit Group [Item 5]
Ffion Heledd, Project Manager, Performance Audit Group [Item 5]
Miranda Alcock, Portfolio Manager (Justice), Performance Audit Group [Item 6]
Andra Laird, Project Manager, Performance Audit Group [Item 6]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interests
3.	Minutes of meeting of 3 February 2011
4.	Scotland's public finances: planning for the challenges ahead – emerging messages for performance audit report
5.	Transport for health and social care – emerging messages for performance audit report
6.	Charging for council services – report on performance audit approach
7.	The Performance Audit Group's support for the Committee's work
8.	Any other business

1. Apologies for absence

Apologies were received from Alan Campbell and Christine May.

2. Declarations of interests

No declarations of interests were made.

3. Minutes of meeting of 3 February 2011

The minutes of the meeting of 3 February 2011 were submitted and approved.

4. Scotland's public finances: planning for the challenges ahead – emerging messages for performance audit report

The Committee considered a report from the Director of Performance Audit presenting emerging messages from the performance audit on *Scotland's public finances: planning for the challenges ahead*, conducted jointly on behalf of the Accounts Commission and the Auditor General.

The Committee approved the emerging messages as the basis for a draft report, subject to consideration being given to a number of points raised in discussion.

The Committee noted that a final draft report would be submitted to the Commission in due course.

5. Transport for health and social care – emerging messages for performance audit report

The Committee considered a report from the Director of Performance Audit presenting emerging messages from the performance audit on *Transport for health and social care*, conducted jointly on behalf of the Accounts Commission and the Auditor General.

The Committee approved the emerging messages as the basis for a draft report, subject to consideration being given to a number of points raised in discussion.

The Committee noted that a final draft report would be submitted to the Commission in due course.

6. Charging for council services – report on performance audit approach

The Committee considered a report by the Director of Performance Audit inviting it to consider the approach to the proposed performance audit on *Charging for council services*, to be conducted on behalf of the Accounts Commission.

The Committee noted issues that had arisen from work to prepare a scope for the audit, and considered the potential benefits of different approaches.

During discussion, the Committee noted—

- The importance of local authority charging policy in the current financial position, and the interest in this work expressed by stakeholders;
- The complexity and variation in the range of charges and approaches to charging;
- Work that has already been done in some council areas to develop charging registers.

The Committee agreed that, in pursuing a performance audit on this subject, it is important to focus on how the audit will contribute to accountability and improved approaches to charging policies. The Committee agreed that the audit team should undertake further work before submitting another report on options to a subsequent meeting.

7. The Performance Audit Group's support for the Committee's work

The Committee considered a report by the Director of Performance Audit inviting it to consider the support for its work provided by the Audit Scotland Performance Audit Group, and to consider certain proposals relating to ways of working.

The Committee noted developments since the establishment of the Performance Audit Group.

Following discussion, the Committee agreed—

- That, under the agreed rolling programme approach to performance audits, proposals for reviewing the strategic themes, priorities for future audits and an approach to consultation and engagement would be submitted to subsequent meetings of the Committee and the Commission;
- To receive at each future meeting an update report showing progress with the performance audit programme;
- That the emerging messages from each performance audit should be considered by the Committee on the basis of short papers and presentations from audit teams;
- That reports on the influence and outcome of audit reports should be submitted to the Committee approximately one year after publication, and that the regular programme update report should include proposals on the most appropriate time for producing these impact reports;
- That, as each performance audit report is submitted, proposals should also be submitted on how it can be promoted and its influence across councils can be ensured;
- That further consideration should be given to the role of Commission members as sponsors of performance audits.

8. Any other business

There was no other business.

ACCOUNTS COMMISSION

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REPORT BY THE CONTROLLER OF AUDIT

UPDATE REPORT

Introduction

1. The purpose of this regular report is to provide an update to the Commission to keep it informed of significant recent activity in relation to the audit of local government.
2. It is intended to complement the intelligence reports to the Financial Audit and Assurance Committee, which provide an update on issues arising in local government. The most recent such report was at the Committee meeting of 10 February.

Local government issues

3. The Scottish Government has published a summary of progress in scrutiny improvement as at January 2011 following the Crerar Review published in September 2007. This includes reports by all the individual scrutiny bodies on progress. The report has useful background information on all the scrutiny bodies with a remit covering local government and can be found at:
<http://www.scotland.gov.uk/Publications/2011/03/04154003/0>.
4. The Shared Risk Assessment (SRA) process for this year is nearing completion. The 32 council Assurance and Improvement Plan updates have been completed locally and the national scrutiny plan is currently being drafted. This will be shared with the Local Government Scrutiny Co-ordination Strategic Group towards the end of April and brought to the Accounts Commission meeting in May. Publication of the 32 AIP updates and the national scrutiny plan has been deferred until after the May Commission meeting. I also propose to bring a report to the Commission in May summarising the BV audit work that is planned for 2011/12, as a result of the SRA process.
5. For the 2010/11 financial year elected members will, for the first time, be presented with financial statements that are based on IFRS (International Financial Reporting Standards). The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) has developed a document that is intended to support the scrutiny, particularly by elected members, of Scottish local authority IFRS-based financial statements. Local auditors have been working with Councils to monitor their readiness for the implementation of IFRS.
6. The document includes examination of the use of the financial statements in governance; example scrutiny questions for illustrative purposes; and reference material explaining the information provided in IFRS-based statements. A consultation version of the document has been issued, with comments sought by 22 April. The document is available at: <http://www.cipfa.org.uk/scotland/technical/lasaac.cfm>.

Parliamentary news

7. The current session of the Parliament ended on 22 March in advance of the Scottish election on 5 May.

Other issues

8. On 31 March the Scottish Commission for Public Audit appointed a new non-executive member to the Audit Scotland board. Katharine Bryan, who has had an extensive career in the public sector – primarily in the water and environmental industries - has been appointed as the third non-executive member along with the chair Ronnie Cleland and John Mclean.
9. The Auditor General has accepted a one-year appointment to audit the accounts of the Wales Audit Office for 2010/11 at the request of the Welsh Assembly. The existing auditors resigned following the discovery of a number of material errors in the accounts for 2009/10 and previous years. The Assembly has dissolved for elections in May and had no time to undertake a full procurement exercise. Also many of the suitable firms in Wales are conflicted as they already undertake work for the Wales Audit Office. Audit Scotland staff will undertake the work. The new Assembly will undertake a full tender exercise for the 2011/12 audit, and the Auditor General will not submit a bid as we do not believe that it is appropriate for audit agencies to routinely audit each other.
10. Audit Scotland's voluntary early release agreement (VERA) scheme has now closed, and decisions on applications made on the basis of detailed business cases. 17 staff have accepted offers made to them. They will be leaving at various dates between now and the end of the calendar year. The take up of VERA has been at a level that enables us to make further progress on our financial plans. The phased timing of departures allows us to make good preparations for the loss of the experience and knowledge that the staff bring to their roles and teams.
11. Preparations are underway for moving Audit Scotland staff currently based in Osborne House (OH) into 18 George Street. Our lease at OH comes to an end in March 2012, and we will be moving staff towards the end of 2011. The move will save around £250,000 per year and support more integrated working across business groups. The ultimate aim is to move into a single site when the leases on the two George Street offices come to and end in 2015.
12. The new Commission for Ethical Standards in Public Life in Scotland was launched on 1 April. The Commission brings together the offices of
 - the Chief Investigating Officer
 - the Scottish Parliamentary Standards Commissioner and
 - the Commissioner for Public Appointments in Scotland.

The Commission was set up by the Scottish Parliamentary Commission and Commissioners etc. Act 2010 and consists of two Commissioners – the Public Standards Commissioner and the Public Appointments Commissioner.

13. The work of the Standards Commission in respect of overseeing the Code of Conduct for Councillors (and the equivalent for members of devolved public bodies) and considering complaints under the Code is unchanged. The Public Standards

Commissioner will investigate complaints of an alleged breach of a Code and consider whether to report to the Commission.

14. On 30 March the Department of Communities and Local Government issued a consultation paper on the future of local public audit. This consultation sets out proposals on the new audit framework where:
- audit quality is regulated within a statutory framework, overseen by the National Audit Office and the accountancy profession
 - local public bodies will be free to appoint their own external auditors with stringent safeguards for independence.

The consultation covers the proposed new regulatory framework, the role local public bodies will have when appointing an auditor, the scope of local public audit and the work of auditors.

15. While this consultation does not directly affect the Commission, members may wish to be kept informed of the details of proposals, particularly where they relate to duties or procedures that parallel those in legislation applicable to Scotland. Important issues of principle – such as safeguarding audit independence, accountability to government and Parliament, and audit competition and costs – will be key elements in the consultation. Comments are sought by 30 June.

Conclusion

16. The Commission is invited to consider and note this report.

Fraser McKinlay
Controller of Audit, 6 April 2011

ACCOUNTS COMMISSION

MEETING 14 APRIL 2011

REPORT BY DIRECTOR OF BEST VALUE AND SCRUTINY IMPROVEMENT

THE BEST VALUE AUDIT OF FIRE AND RESCUE

Purpose

1. This paper invites the Commission to approve the proposed broad timetable and reporting arrangements for the audit of Best Value in fire and rescue services and authorities.

Background

2. At its meeting on 17 February, the Accounts Commission agreed to extend the audit of Best Value to fire and rescue. It was agreed that a programme of Best Value audits should be carried out at each of the eight fire and rescue services and authorities during 2011, followed by the publication of a national overview report in early 2012.
3. An audit team has now been formed to take forward this programme. With a demanding target of delivering nine reports over the next year, the team are refining the existing approach to Best Value audits to help provide a targeted approach, focusing on the core issues within fire and rescue.
4. The audit approach will draw heavily on the lessons learned from the development work recently carried out at Lothian & Borders Fire & Rescue on how to deliver a proportionate and risk-based Best Value audit of fire and rescue which provides a clear judgement on the quality of local leadership and governance, comparative service performance and outcomes, and the effectiveness with which resources are being used locally. Options for the involvement of peers at various stages of the audits are also being established.

The approach to reporting

5. To date, all reports on council Best Value audits have been produced as reports to the Commission by the Controller of Audit, using the powers under Section 102(1) of the Local Government (Scotland) Act 1973.
6. This approach has also been adopted for the police Best Value audits. From the outset the Commission agreed that police Best Value audits would be conducted jointly by the Controller of Audit and Her Majesty's Inspectorate of Constabulary for Scotland. The scope of the Controller of Audit's reports on police Best Value audits has, therefore, been limited to the performance of joint police boards, with HMICS covering issues relating to police services.
7. It is proposed that the eight local fire and rescue Best Value audit reports should also be Controller of Audit reports prepared under Section 102(1) of the Local Government (Scotland) Act 1973. This will provide for an appropriate level of local accountability by allowing the Commission to consider reports and make findings (or to apply its other statutory options for action) in the same way as it has for all other Best Value audit reports.

8. Commission members will be aware that, when the former Scottish Fire Service Inspectorate was replaced in 2008 by the Scottish Fire and Rescue Advisory Unit (SFRAU), the head of SFRAU was appointed as the Chief Inspector of Fire and Rescue Authorities for Scotland. Section 25 of the Local Government in Scotland Act 2003 makes provision for the Chief Inspector of Fire Services in Scotland to report to Scottish Ministers on whether a local authority (or joint fire board) is carrying out its functions as a fire authority so as to comply with its Best Value duties under the Act. These powers echo those of HMICS. The Fire (Scotland) Act 2005 provides for the appointment by her Majesty of a Chief Inspector of Fire and Rescue Authorities who, when directed by Scottish Ministers, may enquire into and report to them on the state and efficiency of relevant authorities (including how they are carrying out any of their functions under the Act). These functions largely relate to operational delivery of fire and rescue services.
9. The legislation provides for joint reporting between the Commission and the Chief Inspector of Fire and Rescue Authorities, in a similar fashion to that adopted for the police Best Value audits. Current resourcing within SFRAU, however, does not provide sufficient capacity for a joint audit and inspection model to be adopted for fire and rescue.
10. The eight local fire and rescue audit reports will, therefore, be Controller of Audit reports prepared under Section 102(1) of the Local Government (Scotland) Act 1973. Although this will not, therefore, be a joint audit and inspection model, similar to that applied for police, Audit Scotland will be working closely with the Chief Inspector of Fire and Rescue Authorities and his staff throughout the programme of audit work.
11. We are proposing that the national overview report be prepared in accordance with Section 97A of the Local Government (Scotland) Act 1973. This power enables the Commission to undertake or promote comparative or other studies designed to enable it to make recommendations for the securing of Best Value; improving economy, efficiency and effectiveness in the provision of services; and improving the financial or other management of authorities. This approach would provide the Commission with greater flexibility on how it engages with the national fire and rescue overview report as it would allow the Commission to comment on the draft report, helping to shape its findings and conclusions.
12. As this is the start of Best Value work in a new sector, legal advice is being sought to confirm the extent of the respective audit and inspection powers available to the Controller of Audit and the Commission and the Chief Inspector of Fire and Rescue Authorities prior to commencing reporting.

Timetable

13. It is proposed that the eight local reports be brought to the Commission in two tranches: one set of four reports to be submitted in late 2011, the remaining four local reports in early 2012. It is proposed that the national summary report would then be provided to the Commission as a draft report for consideration after the second tranche of four local reports.
14. In order to assist the Commission in its consideration of the fire and rescue Best Value work as a whole, it is proposed that the emerging messages from the local audit activity be presented to the Commission's Financial Audit and Assurance Committee in late 2011, prior to the eight local audit reports being brought to the Commission for consideration. This would allow the FAA Committee to consider the key themes of the emerging audit findings relating to individual fire and rescue services and authorities, and begin discussion of the key emerging national issues prior to the Commission's consideration of the national summary report.

Link Commission members

15. The Commission has previously agreed that it would appoint two link members for each Best Value audit. It is proposed that two pairs of link members be identified to work with the audit team, with each pair linking with the team on four local reports. It is anticipated that this approach will strike an appropriate balance between avoiding an excessive workload for link members, while providing them with a sufficiently broad body of evidence to give them an overview of fire and rescue performance in Scotland.

Follow-up meetings with Fire and Rescue services and authorities

16. It is proposed that, in line with the past practice in relation to local government and police Best Value audit reports, the Commission agrees to offer a follow-up meeting with each fire and rescue service and authority following publication of their local audit report. This will allow the Commission to engage with the authorities to consider the local audit findings, the quality of the local audit work and any specific issues of local concern.

Conclusion and recommendations

17. The Commission is invited to consider and agree arrangements for the Best Value audit work in fire and rescue. In particular, the Commission is invited to agree that:
 - Each of the eight local fire and rescue reports are prepared by the Controller of Audit in accordance with Section 102(1) of the Local Government (Scotland) Act 1973;
 - The national overview report on fire and rescue is prepared in accordance with Section 97A of the Local Government (Scotland) Act 1973;
 - The emerging messages from the local fire and rescue best value audit activity be considered by the Commission's Financial Audit and Assurance Committee in late 2011;
 - The Commission will receive the local reports in two sets of four reports: one set in late 2011, the other in early 2012;
 - The Commission receives the national overview report in early 2012, following the second set of local reports;
 - Two pairs of link members will be appointed to liaise with the audit team;
 - Follow-up meetings will be offered to each fire and rescue authority following publication of the local reports.

Fraser McKinlay
Director of Best Value and Scrutiny Improvement
6 April 2011

ACCOUNTS COMMISSION

MEETING 14 APRIL 2011

REPORT BY THE DIRECTOR OF BEST VALUE AND SCRUTINY IMPROVEMENT

**SCOTTISH GOVERNMENT CONSULTATIONS ON THE FUTURE OF POLICE AND FIRE
& RESCUE SERVICES IN SCOTLAND**

Purpose

1. The purpose of this report is to invite the Accounts Commission to consider whether it wishes to respond to the consultations issued by the Scottish Government on the future of policing and on the future of the fire and rescue service in Scotland.

Background

Police

2. In February 2011, the Scottish Government issued *A Consultation on the Future of Policing in Scotland*. A copy of the paper is enclosed for members' information and it can also be found online at: <http://www.scotland.gov.uk/Publications/2011/02/10120102/0> The paper invites responses to twelve consultation questions by 5 May 2011. The specific questions upon which the Scottish Government is consulting are set out at Appendix 1 to this report.
3. The consultation paper draws heavily on the report from Phase 2 of the Sustainable Policing Project and sets out the challenges facing policing in Scotland at a time of significant reductions in available resources. A central feature of the consultation document is consideration of how structural reform might: improve service delivery and outcomes; strengthen accountability and engagement with communities; and, deliver efficiencies whilst protecting frontline services.
4. The consultation invites comments on three options for structural reform:
 - A single Scottish police force, which is considered to offer scope for efficiencies that will sustain and enhance frontline police services but the paper acknowledges concerns about possible centralisation and accountability issues;
 - A rationalised regional force model of three or four forces, which is considered to combine some local focus with allowing easier co-operation across boundaries but does less to address weaknesses in national capacity than a single force model;
 - Retain eight forces with increased collaboration, which the Government considers to offer least scope for savings and may require reductions in frontline services and further restructuring in future.
5. The consultation paper also suggested that the creation of a single emergency service through the amalgamation of some or all of police, fire and rescue and ambulance services, either regionally or nationally, would be highly complex and require a longer

timescale. For that reason the paper states that the Scottish Government is not persuaded of the case for enhanced collaboration across emergency services.

Fire and rescue

6. In February 2011, the Scottish Government also issued *A Consultation on the Future of the Fire and Rescue Service in Scotland*. A copy of the paper is enclosed for members' information and it can also be found online at:
<http://www.scotland.gov.uk/Publications/2011/02/10120752/0>
Again, responses are invited by 5 May 2011. The specific questions upon which the Scottish Government is consulting are set out at Appendix 2 to this report.
7. The consultation provides detailed context on the Scottish Fire and Rescue Service, the challenges and threats that it faces, and the history of its structures and organisation. The paper draws heavily on the initial options appraisal report which was presented to the Ministerial Advisory Group (MAG).
8. A central feature of the consultation document is consideration of how structural reform might: improve service delivery and outcomes; strengthen accountability and engagement with communities; and, deliver efficiencies whilst protecting frontline services. It outlines three similar options for the future structure of the service to those set out in the police consultation paper (a single service, a regional model and enhanced collaboration within the current eight-service model).
9. The Government states that it considers there to be compelling arguments in favour of a single fire and rescue service. It also states that many people now accept that the current structure of eight services supported by some national services is unsustainable, and that from 2013/14 efficiency savings will not be sufficient to enable service standards to be maintained. Compared to the police consultation, the fire and rescue paper includes very limited discussion of accountability issues.

Responding to the consultations

10. Members will be aware that the debate on the future structure of these services has been highly political, with significant divisions on party political lines. In making its judgements and public comment, the Commission has always been mindful of its independence and has avoided comment on policy. For that reason, if it decides to respond to the consultation, the Commission may wish to be selective in relation to the questions to which it responds, avoiding those which relate specifically to matters of public policy (i.e. police questions 6, 7, and 8, and Fire and rescue questions 9 and 10 which relate to the need for structural change and the number of forces and services that might be required in the future).
11. The Commission's work does, however, provide a significant evidence base from which it may wish to draw to comment on how key principles such as accountability and governance, responsiveness to communities, etc. should be considered whatever the future structure of services.
12. Key areas which the Commission might wish to consider responding to include:
 - Improving outcomes (police question 1)
 - Improving partnership working (police question 3)
 - Improving community engagement (police question 4, fire and rescue question 7)

- Improving accountability (police question 5 and 8, Fire and rescue question 6)

Conclusion

13. The Commission is invited to consider whether it wishes to respond to either or both of the consultations and, if so, to—

- consider and agree the main issues it wishes to cover in any response; and
- agree that draft responses will be circulated for agreement by correspondence.

Fraser McKinlay
Director of Best Value and Scrutiny Improvement
6 April 2011

Appendix 1

A Consultation on the Future of Policing in Scotland



CONSULTATION QUESTIONS

1. How could police reform improve services and the delivery of outcomes?

Comments

2. What do you think are the greatest opportunities and challenges facing policing in Scotland today and how do you think they should be addressed?

Comments

3. How can partnership working between the police and other organisations be improved?

Comments

4. How can the police better engage with communities to help them be more resilient and self-reliant?

Comments

5. What arrangements and relationships do you think would lead to the greatest improvements in national and local accountability?

Comments

6. Do you agree that change is necessary to protect frontline services?

Yes No Don't know

Comments

7. Which option do you think should be pursued and why?

A single Scottish police force

A rationalised regional force model

Retain eight forces with increased collaboration

Other (please specify)

Don't know

Comments

8. How could we best improve accountability, deliver efficiencies and deliver service improvements at local and national levels?

Comments

9. Do you have any views on how the process of change should be approached, including the extent and pace of change within a given option?

Comments

10. To assist with our Equality Impact Assessment on the reform, please describe any equality issues (in relation to race, gender, disability, age, sexual orientation, transgender people and religion) relevant to each of the options.

Comments

11. To assist with our Regulatory Impact Assessment, please describe any financial or other impacts for business, charities and the voluntary sector relevant to each of the options.

Comments

12. Do you think there needs to be any change to the existing roles and responsibilities of the key bodies responsible for policing?

Comments

Appendix 2

A CONSULTATION ON THE FUTURE OF THE FIRE AND RESCUE SERVICE IN SCOTLAND



CONSULTATION QUESTIONS

Question 1: Is this the right vision for the Scottish Fire and Rescue Service?

Yes No Don't know

Comments

Question 2: Do you agree that these should be the key principles for the Scottish Fire and Rescue Service?

Yes No Don't know

Comments

Question 3: Do you agree that the option to de-centralise the Scottish Fire and Rescue Service should be considered?

Yes No Don't know

Comments

Question 4: How well is the Scottish Fire and Rescue Service performing against what you believe to be the key principles and what do you consider to be the priorities for improvement?

Comments

Question 5: Do you agree that these should be the desired benefits for the Scottish Fire and Rescue Service?

Yes No Don't know

Are there others we should add?

Comments

Question 6: What are your views on an appropriate mechanism for Ministers and MSPs to hold the Scottish Fire and Rescue Service to account?

Comments

Question 7: What are your views on an appropriate mechanism for local communities to hold the Scottish Fire and Rescue Service to account?

Comments

Question 8: What is the right balance between the national and local mechanisms set out in questions 6 and 7?

Comments

Question 9: Do you think that the number of fire and rescue services needs to be reduced?

Yes No Don't know

Comments

Question 10: If so, which option do you think should be pursued and why?

Single service Regional Structure

Comments

Question 11: To assist with our Equality Impact Assessment process, please also describe any equality issues (in relation to race, gender, disability, age, sexual orientation, transgender people and religion) relevant to your chosen option?

Comments

Question 12: To assist with our Regulatory Impact Assessment, please also describe any financial and other impacts for business, charities and the voluntary sector relevant to your chosen option?

Comments

Question 13: What aspects of collaboration and joint working between the Scottish Fire and Rescue Service and other emergency services do you believe should be a key focus in future?

Comments

Question 14: Do you think local fire stations should be developed into community resilience hubs, and, if so, what new services would you see them deliver?

Yes No Don't know

Comments

ACCOUNTS COMMISSION

MEETING 14 APRIL 2011

**NOTE OF FOLLOW-UP MEETING WITH NORTHERN CONSTABULARY AND
NORTHERN JOINT POLICE BOARD – 4 MARCH 2011**

**ACCOUNTS COMMISSION FOR SCOTLAND
NOTE OF BEST VALUE AUDIT FOLLOW-UP MEETING WITH
NORTHERN CONSTABULARY AND NORTHERN JOINT POLICE BOARD –
4 MARCH 2011**

Accounts Commission representatives

John Baillie, Accounts Commission Chair
Christine May, Commission member
Linda Pollock, Commission member
Mark Brough, Secretary and Business Manager

Audit Scotland representatives

Gordon Neill, Best Value and Scrutiny Improvement Group, Audit Scotland

HMICS representatives

Andrew Laing, HMICS

Northern Joint Police Board representatives

Councillor Norman MacLeod (Convener)
Councillor Ian Ross (Vice Convener)
Michelle Morris, Clerk to the Board

Northern Constabulary representatives

Chief Constable Ian Latimer
Inspector Steve Black

Introductions

Cllr MacLeod opened the meeting, welcoming those attending. John Baillie thanked the Board and Chief Constable for agreeing to meet, and emphasised that it was an informal discussion with the aim of better understanding the Board's position and encouraging it in its improvement agenda. The meeting also gave the Board's leadership the opportunity to comment directly to members on the audit and the Commission's findings.

The Best Value audit process

The Commission asked the Board for its impressions of the Best Value audit process. Cllr MacLeod said that the Board had welcomed the audit process, and found the auditors to be supportive. The Board had been pleased with feedback given during the audit, but felt that the final report was different in tone (although not in content) from the tone the Board had expected, given the previous

communications. John Baillie said that this would be noted and considered further by the auditors.

Michelle Morris said that there had been some concern at the audit taking place around the same time as a Best Value audit of The Highland Council, but that in practice there had been good communication and concerns about duplication of time spent by councillors and senior officers were addressed effectively.

Progress since the report

Overall the Board felt that it had gone a considerable way to addressing the issues raised in the report. It had had a number of improvement actions under way in advance of agreeing a formal action plan. The Board had followed through on key recommendations from the findings, and was very involved in a programme of Best Value reviews.

The Chief Constable said that no actions remained outstanding for the force. Its performance reporting system is in its third iteration and continues to develop its breadth, with the assistance of challenge from the Board. The force is aligning its key strategic documents with its three-year and annual planning processes. The policing plan for 2011/12 has increased the integration with other strategic documents.

Cllr Ross said that the scope of the Board's audit working group has been widened beyond its core financial work to examine the risk register and risk management, and reports on this to the full Board as appropriate. Cllr Ross also said that the links between the Board and constituent councils had developed further, with Board minutes being presented to full council meetings.

Community partnerships

The Commission asked about the Board's work with community planning partners, given the comments in the Best Value report that there were surprisingly few shared accommodation examples and that the Board had sometimes found partner organisations unwilling to commit to joint initiatives.

Cllr MacLeod said that shared accommodation and service points had been successful in the Highlands and were now being rolled out to the islands. He said that, in general, real progress was now being achieved on initiatives with various partners, which had helped with the recently announced closure of a number of police stations. The Board had worked hard with other boards and councils to gain support for these initiatives, which it regarded as good practice in addressing service users' needs as well as achieving Best Value.

Cllr Ross said that partnership working is the culture of the public sector in the Highlands and Islands, with comparatively fewer barriers and a small community of decision-makers. The Chief Constable said that the people who attend the community planning partnership are the heads of organisations and thus decision-makers who can make joint commitments. The single outcome agreement has encouraged a strong emphasis on moving from vision to operational outcomes.

The Chief Constable and Board also said that they would like to move on from local to regional initiatives, but that further progress in the partnership was likely to be difficult until the outcome of various debates about public service structural reform (such as the police and fire services consultations and the Christie Commission on the Future Delivery of Public Services) was known. Decisions are required now for

budgets in 2013/14 and beyond, and so there is now a significant risk of political uncertainty inhibiting strategic progress.

Cllr Ross emphasised that decentralisation generally favours the Highlands and Islands, and that centralised structures for services tend to take the 'top table' decision-makers away from the area.

Board development

Given comments in the report that the Board did not routinely scrutinise statutory equality schemes, the Commission asked whether any changes had been made. The Chief Constable said that a national equality impact assessment template was used by all forces on all policies before implementation. Cllr Ross said that equalities issues are now specifically identified in complaints.

The Commission asked whether training on issues such as risk management, scrutiny, etc. had had an impact of the operation of the Board. Cllr Macleod said that it was difficult to identify direct impacts of training, but he considered that the range of issues pursued in the audit working group indicated the effects of training. There is on-going development of individual councillors' skills and knowledge. The EFQM exercise undertaken by the Board prior to the Best Value audit had been an excellent opportunity to reflect on the way the Board operated, and the Board was about to run it again.

The Chief Constable said that training complemented increased engagement between the Board and the force with, for example, Board members involved in several force working groups. Training is also considered to have increased the constructive scrutiny and challenge of the force by the Board.

Andrew Laing asked about the force's performance reporting, whether it allows comparisons with other areas and whether Board members are equipped to scrutinise the reports. Cllr MacLeod said that more comparative data in line with the Scottish Police Performance Framework is now in reports, and that performance reports are presented monthly to the Board and the public. He said that the force is being held effectively to account by the expectations of the Board and the public.

The Chief Constable said that there is significant local community engagement and partnership with the force around the priority of devoting resources to the community policing model, and agreed that there is effective and rigorous challenge of the force's performance. The Board is undertaking a 12-month trial of having dedicated support resources separate from the force, and hopes to continue that to contribute to the Board's independent scrutiny capacity.

The Chief Constable confirmed that a post-implementation review has been conducted on the force's new structure, and that the Board has been involved through the Best Value review in testing progress against anticipated outcomes.

The Commission asked the Board how it ensures the continuation of appropriate experience amongst members. While there had been a lot of stability of membership in the past, there had been a significant turnover of members in 2007. Cllr MacLeod said that the system of substitute members, and their involvement in training, meant that more councillors were exposed to the Board's work and the pool of expertise extended beyond the current Board members. The members drawn from the three island councils sit on both police and fire and rescue joint boards, which was time efficient and also built useful experience and expertise.

Concluding remarks

John Baillie said that the Commission welcomed the discussion and the opportunity to meet and to hear about the local context, the challenges facing the Board and the action it is taking to continue improvement in securing Best Value. He confirmed that, while there is no formal follow-up work planned, the Commission will continue to take an interest in developments through the external auditors. He thanked the Board for the opportunity to meet and wished Chief Constable Latimer well in his retirement. Cllr MacLeod concluded by thanking all those who attended.

ACCOUNTS COMMISSION

MEETING 14 APRIL 2011

REPORT BY THE DIRECTOR OF BEST VALUE AND SCRUTINY IMPROVEMENT

BEST VALUE IN PUBLIC SERVICES: SCOTTISH GOVERNMENT GUIDANCE FOR ACCOUNTABLE OFFICERS

1. The purpose of this report is to advise the Commission of the publication of revised guidance on Best Value in Public Services.
2. On 22 March 2011, the Scottish Government published refreshed Guidance for Accountable Officers on the duty of Best Value. The guidance relates to the duty of Best Value set out in the Scottish Public Finance Manual. This is an auditable duty on the accountable officers within the Scottish Government and accountable officers of all other public bodies audited by the Auditor General for Scotland. The guidance is available on the Scottish Government website at <http://www.scotland.gov.uk/347561>.
3. The refreshed Guidance is intended to support a more consistent approach to embedding Best Value principles across the public sector by highlighting the common characteristics of a Best Value organisation. The guidance does not change the duty of Best Value set out in the Scottish Public Finance Manual but it now reinforces the importance of the duty and takes account of the National Performance Framework and Audit Scotland's Best Value Toolkits.
4. A short-life Best Value Reference Group was engaged in the refresh of the guidance. Membership was drawn from agencies, NDPBs, non-ministerial departments, the Scottish Government and Audit Scotland.
5. The Commission is invited to note the Guidance.

Fraser McKinlay
Director of Best Value and Scrutiny Improvement
6 April 2011

ACCOUNTS COMMISSION

MEETING 14 APRIL 2011

ACCOUNTS COMMISSION DIGEST

This digest is intended to provide Commission members with background information that may be of interest.

This month the digest includes:

- Further details on parliamentary and government activity of interest to local government
- An outline of recent media coverage of relevance to the Commission
- Recent publications of interest.

Parliamentary and government activity

The Controller of Audit's update report includes information on issues of most relevance to the Commission. Members may also be interested in the following:

Scottish Parliament

Prior to its dissolution on 22 March, the Scottish Parliament passed a number of Bills and regulations relevant to local government:

Local Elections Administration Bill

The Local Electoral Administration (Scotland) Bill was passed on 16 March 2011. The Bill establishes an Electoral Management Board for Scotland with responsibility for local government elections and extends the Electoral Commission's remit to include Scottish local government elections. The Bill forms part of a wider response to the events around the 2007 Scottish Parliament and local government elections.

Public Records Bill

The Public Records (Scotland) Bill was passed on 16 March 2011. It strengthens records management in named Scottish public authorities (including the Accounts Commission) by: requiring those authorities to produce Records Management Plans (RMPs) covering all their public records; and defining 'public records' for the purposes of the Bill, to include records produced by an authority and records produced by contractors who deliver functions on behalf of the authority.

The **Local Government (Scotland) Finance Order 2011** and other amendments finalise the distribution of central government funds and non-domestic rates, and levels of police support and housing support grant, to councils for 2011/12.

The **Local Authority Accounts (Scotland) Amendment Regulations 2011** require a local authority to prepare as part of its annual accounts a Remuneration Report on the pay of senior councillors and officers, in respect of the 2010/11 accounts onwards.

The UK-wide **Equality Act 2010** introduced a new public sector equality duty to replace the existing race, disability and gender equality duties. The duty is in 2 parts – a general duty in the Equality Act itself, and specific duties which are placed on some public authorities by Scottish Ministers. The order extending the range of Scottish public

authorities covered by the general duty for all of their functions was approved by the Parliament (and includes the Accounts Commission and Audit Scotland). However, the draft regulations which set out the content of the specific duties were not approved. The purpose of the specific duties is to enable the better performance of the general duty.

The new general duty in the Equality Act 2010 came into force on 5 April 2011 and the existing race, disability and gender equality duties were repealed. Scottish public authorities will, therefore, be subject to the new general duty and must have 'due regard' to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. Scottish public authorities will not be subject to any specific duties. The Scottish Government expects to undertake further consultation and to make regulations to impose new specific duties later in the year.

The **Public Audit Committee** published a Legacy Paper at the end of the session. It recommended that the new Committee should continue to develop its relationship with the Accounts Commission and set out other issues for further consideration. These included the Edinburgh trams interim report; the maintaining Scotland's roads report; and the public pensions report.

In its Legacy Paper, the **Local Government and Communities Committee** referred to evidence sessions held with the Accounts Commission on equal pay and suggested that the next committee should continue to monitor the situation. The Committee also highlighted its practice of taking evidence from the Accounts Commission on the annual local government overview report and suggested that this should continue. The Committee also mentioned concerns about the governance and accountability of ALEOs.

The **Education, Lifelong Learning and Culture Committee** published a report on its inquiry into local authority funding of education and children's services and the future of schools management in Scotland.

Scottish Government

The Scottish Government has published a **Code of Practice on Joint Inspections** undertaken under the duties in the Public Services Reform (Scotland) Act 2010.

Board members have been appointed by Scottish Ministers to **Social Care and Social Work Improvement Scotland, Healthcare Improvement Scotland** and the **Scottish Housing Regulator**.

Other issues

The **Scottish Local Authorities Remuneration Committee** has published its *Fourth Report: 2010 Review of Remuneration for Local Authority Councillors*. It recommends to Scottish Ministers that salaries for some councillors should be increased and that no additional payments should be made to councillors serving on boards of companies or organisations established, owned or funded by local authorities, or councillors nominated by the council itself to serve on boards of companies or organisations.

The **Sustainable Development Commission Scotland** closed on 31 March following the withdrawal of Government funding. The Chair and Chief Executive issued a closing statement on mainstreaming sustainable development on behalf of the Commissioners and staff of the Commission.

The **Police Complaints Commissioner for Scotland** has published a report containing new minimum standards for police forces when dealing with complaints against them. It mentions the police Best Value audit reports.

The **Scottish Information Commissioner** published his 2010 annual report, revealing that campaigners and members of the public are making more requests under Freedom of Information and authorities are more likely to disclose information than withhold it. He also suggested that the law should be extended to include private organisations that spend “*millions of pounds of public money*” and criticised exemptions for “*arms-length*” bodies.

The **Scottish Government and COSLA** jointly published *Local Matters: Delivering the Local Outcomes Approach*, containing references to and quotes from *An Overview of Local Government in Scotland 2010*. It states that the latest SOA annual reports, which CPPs published in Autumn 2010, “showed encouraging progress by councils and their partners in Community Planning Partnerships in defining desired local outcomes and in making some short-term progress against these outcomes.”

The **COSLA** Manifesto for Reform has been published. COSLA President Cllr Pat Watters said his organisation “cannot stand idly by and allow national parties to have an election campaign based on empty slogans designed to get a political party over the finishing line at the expense of our services”.

Lord Hutton published his final report on **public service pension provision**, with a main recommendation that existing final salary public service pension schemes be replaced by new schemes, where an employee’s pension entitlement is still linked to their salary but is related to their career average earnings.

The **Scottish Policing Board** met on 21 March to discuss a report on the future of policing. The report describes the single force model as the least complex and most efficient of the three options, with a regional system being described as “*complex*” and the current eight-force model described as “*unsustainable*”. The papers for the meeting are available at: <http://www.scotland.gov.uk/Topics/Justice/public-safety/Police/ScotPolBoard/MeetingPapers>

The **Chief Fire Officers Association** outlined its concerns over proposals to move to a single Scottish fire and rescue service in a letter to Minister for Community Safety Fergus Ewing. The letter states the consultation on the reforms, due to close on May 5th, fails to provide evidence for the “*compelling case*” for a single force suggested by the Government.

The **Commission on the Future Delivery of Public Services** (Christie Commission) has held a series of discussion events throughout March, including with senior council officers, Directors of Finance, community planning partnerships, COSLA, SOLACE and CIPFA. A number of organisations have published their submissions to the Commission.

UK Parliament

Scrutiny of the **Localism Bill** continues in the House of Commons.

The House of Commons Communities and Local Government Select Committee also continues with its inquiry into the Government’s plans for **localism and decentralisation of public services**, and is considering issues such as the extent to which decentralisation leads to more effective public service delivery; and what the limits

are, or should be, of localism. It has taken evidence from a wide range of local government stakeholders, including the Audit Commission.

The Committee also continues with its **inquiry into the audit and inspection of local authorities**. It has taken oral evidence from a wide range of local government stakeholders and latterly from others including CIPFA and the Audit Commission.

Transcripts of the oral evidence sessions for both inquiries are available on the UK Parliament website at: <http://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/>

The **Welfare Reform Bill**, which includes provision for the abolition of Housing Benefit and its incorporation into a Universal Credit is also undergoing parliamentary scrutiny.

The Treasury Committee has launched an inquiry into the future of the **Private Finance Initiative**. The inquiry will seek responses on the strengths and weaknesses of different public procurement methods, how far risk can be transferred to the private sector, and under what circumstances PFI deals are suitable for the delivery of services.

News summary 8 March – 4 April

There has been coverage in the last month of the following Accounts Commission reports:

Highland Council: Caithness Heat and Power - 2 March

The findings and report were covered in local press and radio, both commercial and BBC. It was covered nationally in *the Herald*, *the Scotsman* and on the BBC website. A spokesperson for the Highland Council said new governance arrangements had been put in place to avoid a reoccurrence of the deficiencies experienced, and added that a "huge amount of effort" was going into finding a way forward for the scheme. The Council considered the report at a special meeting on 10 March.

North Ayrshire Council: Best Value report - 10 March

The findings and report were reported in the local media; both print and radio, and also covered in the Herald and on the BBC website. Council Leader David O'Neill said *"I can assure the Accounts Commission and all our residents and service users that there is no appetite for complacency in this council...The elected members and senior officers will certainly be heeding the report's recommendation that we must continue to show clear leadership in order to address the areas of improvement identified. In fact, the council will be pulling out all the stops to demonstrate to the Accounts Commission and Audit Scotland that they have underestimated North Ayrshire Council and that our prospects for improvement are actually much more than fair."*

Other issues

COSLA

- "Scotland's councils have issued their strongest warning yet over possible reforms to public services they fear may be forced on local authorities" Following its leadership meeting on Friday, COSLA said it would be prepared to jeopardise its relationships with MSPs over proposals such as the creation of a single police force. It says reform proposals are being voiced by the political parties without evidence of savings or improvement. Also that local democracy would suffer due to more power over core services going to Holyrood. Herald 21 March.

- COSLA delegates have come under fire after it emerged many representatives were staying in a five star hotel during their annual conference. Scotsman 11 March

Edinburgh Trams Project

- Audit Scotland has been criticised for altering the findings of its report into Edinburgh's tram project after TIE officials complained about the report's conclusions. Sunday Herald, Times 14 March. MSPs have called for Audit Scotland to be brought before a Scottish Parliament committee to explain alterations to the recent Edinburgh trams report after it emerged that key points had been changed at the request of tram firm TIE. Evening News, 14 March.
- Joint press statement issued following the mediation talks aimed at finding a resolution to the dispute between TIE and the construction consortium working on the project. 28 March
- The Scotsman reports that a deal between City of Edinburgh Council, TIE, and the main consortium working on the trams project will "almost certainly not be agreed until after the elections in May", with the paper partly blaming Council Chief Executive Sue Bruce for being "too busy" given her role as Returning Officer for the elections across the Lothians. Herald 5 March
- "Politicians expressed dismay last night after crunch talks aimed at saving Edinburgh's crisis-hit tram project concluded without an agreement being reached." Herald. "Peace finally breaks out after two bitter years...two sides said they have reached a mutual understanding..", Scotsman 16 March.
- Edinburgh City Council's audit committee has agreed to examine governance arrangements for the city's tram project after hearing from Audit Scotland that some elected members faced split loyalties due to their roles in the board of Transport Edinburgh Limited, the arms length company set to run the city's transport network. Evening News

Education

Coverage on education issues has included—

- Council leaders have taken the unprecedented step of writing to Scottish teachers urging them to "take a share of the pain" of public funding cuts rather than going on strike. Herald, 11 March
- Articles on education budgets in individual councils. TESS, 4 March
- Teacher numbers in the north and north-east have fallen by nearly 1,000 in four years. P&J, 15 March
- Scotland's schools are facing a crisis as cash-strapped councils shorten school days and axe subjects. Daily Mail front page and inside, 29 March
- A revised pay and conditions package, which removes the threat to cut sick pay, is likely to be accepted by teachers after the Government stepped in at the last minute with an additional £15.3 million. TESS, 25 March
- The prospect of industrial action in Scottish schools has come a step closer after a teaching union rebuffed new proposals on pay and conditions. The Scottish Secondary Teachers' Association warned that thousands would leave the profession if the proposals go through. Herald, Scotsman, P&J, 29 March
- Scotland's largest teaching union is to ballot its members over proposed changes to pay and working conditions. Daily Mail, Sun, Herald, P&J
- Edinburgh Council education chiefs have sent out letters and emails to all of the city's teachers and other school workers warning them that they face disciplinary action if they tell elected members their views on the impact of cuts - even if they do so in private. Evening News
- East Ayrshire: Teachers have hit out after being asked to work unpaid during their holidays in a bid to save money. Daily Record, 21 March

- Aberdeenshire Council may raise secondary class size limits by up to 50% as it plans to axe around four senior teaching jobs at each of the area's 17 academies. The planned education cuts would see 79 posts shed and would save the authority £1.7m over the next three years. Evening Express.

Care services

- A new regime for regulating Scotland's care and social work that comes into force today has been described as a "shambles" by a former manager. Scotsman 1 April
- "Scottish local authorities were keeping a cautious watch last night on attempts to keep a company running nearly 40 care homes across the north and north-east out of administration. Concern centred on the fate of Southern Cross Healthcare, which runs 11 homes in Aberdeen, five in the Highlands, four in Perth, four in Falkirk and several more in Angus, Dundee, the Western Isles and Argyll and Bute. Meanwhile the company, whose share price has plunged on speculation it was in difficulty because of soaring property rents, sought to calm fears." P&J, 22 March
- Hundreds more pensioners will be forced to pay to stay in care homes as a result of changes to the way fee thresholds are calculated. Sunday Post
- Aberlour childcare charity says councils are routinely asking charities to accept cuts of 4–5% in funding. Aberlour is sharing back office services and looking at how it can be smarter in communicating outcomes, including success in meeting many different local authority goals. Herald

Miscellaneous

- Opposition parties have strongly opposed controversial plans to revive the SNP's **local income tax proposals**. The Scottish Government has applied to the Court of Session to prevent a memo on the financial implications of the tax being released under Freedom of Information legislation. The Scottish Conservatives have criticised the first minister for waiting for the dissolution of the Scottish Parliament before taking legal action to keep secret the details of his local income tax. There are reports that Scottish Government's attempt to keep its tax plans secret has cost the taxpayer £53,000, a claim that the SNP has dismissed. As a result of the pressures on SNP, the party is now to shelve its local income tax proposals. Scotsman, Daily Telegraph, Herald, P&J, Sunday Mail, Sunday Times, Sunday Express, Sunday Post, Mail on Sunday 3/4 April
- Government plans to **reform council tax benefit** are set to remove £50 million from support for some of Scotland's poorest families. Scotsman
- Alex Salmond has been called on to explain why the organisers of Glasgow's **Commonwealth Games** have failed to meet dozens of milestones. A draft of the committee's latest business plan was leaked to the Sunday Herald/Herald, 21 March.
- The **Scottish Local Authorities Remuneration Committee** says councillors are working harder and deserve a 16% rise in their basic pay. However, various councils have said it would be wrong to accept a wage rise in the current economic climate. Courier, Evening Express, News of the World, P&J, 12 March
- Taxpayers Alliance **Town Hall Rich List** published: "Scotland's council fat cats earned £16million last year, a damning report on council waste reveals today.... The best paid was the director of corporate services at Argyll and Bute, on a £231,480 package after being made redundant last year...." Comments from Fife Council, Taxpayers Alliance, Derek Brownlee MSP, Glasgow City Council, SOLACE. Table of the top ten earners, with a note of their names and pay. 'Council chiefs are cutting jobs but not six figure salaries.' Daily Express, Scotsman, P&J, BBC, 17 March.

Fire and rescue services

- Grampian Fire and Rescue Service has said that there is no evidence that a single fire service is the best way forward and the Government should wait for the findings of the Christie Commission and the Accounts Commission's BV study. P&J
- "Tayside Fire and Rescue Board called for hard evidence yesterday that the Scottish Government's plans for a single national service would be change for the better. P&J, 29 March
- Highlands and Islands Fire Board has backed the idea of a joined-up blue light service in the region, rather than seeing the creation of one Scottish fire service. P&J, 31 March

Police services

- The crime rate across the north-east has dropped dramatically since Grampian Police has gone back to its old policy of community policing and special operations .P&J
- "A Government-commissioned report on reforming Scotland's police service has backed merging the eight forces into one, but admits it will mean cuts to officer numbers. The report has suggested that a single force could mean set-up costs of £92m but ultimately save up to £154m a year." The report was leaked to the paper and will be discussed by the Scottish Policing Board. "Labour want a single force, the SNP are tilting that way but LibDems and councils oppose it" Sunday Herald
- Scotland's eight police forces should be merged into one despite the resulting cuts to officer numbers, a report being considered by the Justice Minister has concluded. Daily Telegraph, Daily Mail, Sun, Herald, Courier 21 March
- Pat Shearer, Dumfries & Galloway: "Scotland's most senior police officer has warned of the risks of merging forces". He is standing down as president of Acpos today. Herald, 31 March
- Senior police chiefs have accused the Scottish government of misleading the public over attempts to cut the number of police forces in Scotland. Senior police officers have accused ministers of manipulating a consultation exercise on introducing a single force. Scotland on Sunday, Daily Telegraph, Times, Daily Mail 7 March

Individual councils

Below is a limited selection of some other issues being covered in relation to individual councils—

- **Shetland Islands Council** voted in a new political leader as part of structural changes. P&J 8 March, Shetland Times, Shetland News. Executive director of education and social care Hazel Sutherland is to take on interim responsibility for the finance service following the retirement of Graham Johnston. Alastair Buchan said she will retain her dual role until a new management structure is in place, which he would like to have completed by this summer. The chief executive and finance consultant Brian Lawrie, former director of corporate services with Fife Council, will be helping her with the SIC's financial strategy to save money. Shetland News, 14 March
- **Aberdeen City Council's** social work department has undergone significant and profound changes in the past three years after it was severely criticised by the Accounts Commission in a 2008 report. SWIA published a positive assessment. P&J, 12 March
- Feature on **South Ayrshire Council**, interview with leader. Reference to last BV audit. "Indications are that a corner has been turned" The leader says that they are the best improved council in Scotland. Holyrood Magazine

- “**North Ayrshire Council** is set to splash out £50,000 on training its bosses how to be better leaders” The training programme is being launched after Audit Scotland criticised performance and financial regulation. Sun, 25 March
- Learning disability services in **Perth and Kinross** have been transformed following a Best Value review and consultation. “The Social Work Inspection Agency, Audit Scotland and the Care Commission have all noted evidence of this service improvement.” A report to be considered by councillors asks for completion of the project to be agreed and it also lays out a new charter for adults with learning disabilities.” Courier
- **North Ayrshire Council** Leader David O’Neill has rubbished claims that the Council is ‘building up’ reserves of money while reducing its budget.” He said “We currently retain 1.5% of our total net General Services Budget (about £5m) as unassigned balances, a percentage that Audit Scotland considers to be reasonable and adequate provision in the current economic climate.” Largs & Millport Weekly News, 2 March
- **Angus** councillors believe that joint arrangements with Dundee and Perth & Kinross councils through Tayside Contracts are assisting the country in dealing with road repairs effectively; and say these arrangements have recently been praised by Audit Scotland. Brechin Advertiser
- **Edinburgh City** SNP councillor Steve Cardownie and Lib Dem councillor Jenny Dawe faced a no confidence motion after an Audit Committee report on the Gathering event said their evidence was not credible. Evening News. Herald, Scotsman 11 March
- Five members of property conservation staff at **Edinburgh City Council** were suspended from their posts in a fraud investigation. Evening news
- **Dundee City Council**: feature interview with the chief executive. Holyrood Magazine. “The streamlined Dundee City Council will see it lose the title of having the most departments of any Scottish local authority“, Courier 29 March
- Five senior officials at **Dundee City Council** are to quit their posts. Leaked documents show the people include the deputy chief executive and education director. Herald, Record 9 March. The chief executive said he was "reluctant" to let five senior officers take early retirement. Courier, 10 March
- **Scottish Borders Council** has struck a landmark deal with trades unions that freezes staff pay for three years - in exchange for a guarantee of no compulsory redundancies”. Daily Mail, Sun, 30 March
- “The bitter row over controversial patronage payments to **Glasgow** city’s councillors has sparked moves to strip three SNP members of their lucrative posts. “The move follows a meeting where the SNP group called for the scrapping of the £250,000’s worth of top-up payments for sitting on arm’s-length organisations. Herald, 11 March
- The £130,000-plus head of Cordia, the largest arm’s-length company created by **Glasgow City Council**, is to take early retirement. Scores of managers across the council and ALEOs have opted for enhanced redundancy packages offered to workers over 50. Herald, 22 March. Two hundred staff at Glasgow’s five council-run regeneration agencies face redundancy as the services prepare to merge into one central organisation. Evening Times, 14 March
- An **Aberdeenshire Council** assistant chief executive is leaving her post after just 13 months & may not be replaced. A management structure review is on the cards. P&J, 3 March
- **East Ayrshire Council** is axing vital services but has advertised managers’ jobs on up to double the average Scottish salary. Record, 16 March
- **Stirling Council** will get rid of Viewforth, one of its largest office buildings within two years”. Stirling Observer, 23 March

- **Highland** councillors voted to transfer community learning and leisure services to an arm's length company. P&J, 11 March
- **Scottish Borders Council** has said a decision to transfer key leisure and sport services to a local trust will allow them to continue to improve. BBC
- **Aberdeen City Council's** £120million school building programme has officially been completed. P&J, 25 March
- **North Lanarkshire Council's** proposal to use Tax Incremental Financing to fund the second phase of Ravenscraig's redevelopment has been provisionally backed by John Swinney. Herald

Recent publications

Audit Commission reports

(reports can be found at: <http://www.audit-commission.gov.uk/Pages/default.aspx>)

The Final Countdown: IFRS in local government 17 March 2011

The Commission has published the final briefing paper in its Countdown to IFRS series, reporting on findings from a January 2011 auditor survey on implementation of IFRS in local government. The briefing paper covers IFRS implementation in councils, police authorities and fire and rescue authorities. The report emphasises that those authorities with issues to resolve need to act now, as problems that arise later in the final accounts period may lead to added costs for the authority or material errors in draft accounts.

Better Value for Money in Schools 31 March 2011

These four briefings are designed to help schools make the best use of their workforce - whether teachers, teaching assistants, or administration and finance staff - at a time when they have to find savings. England's maintained schools spent £35 billion in 2009/10. School staff account for over three-quarters of this total and form one of the country's largest public sector workforces. These briefings, under the heading Better Value for Money in Schools, examine patterns in spending in maintained schools in England. They aim to help school heads, governing bodies and councils control costs without compromising educational attainment.

Wales Audit Office reports

(reports can be found at: <http://www.wao.gov.uk>)

Special Inspection: Corporate Governance Re-inspection Isle of Anglesey County Council 16 March 2011

This report for the Auditor General concluded that Welsh Ministers' intervention in 2009 has not succeeded in producing a sustainable recovery from the Isle of Anglesey County Council's long history of weak governance, and stronger intervention is necessary. It recommended that it is now necessary to intervene more directly in the running of the Council and that the Welsh Ministers should direct that the executive functions of the authority be exercised by commissioners appointed by the Welsh Ministers. If this recommendation is acted on, it will be the first time such action has been taken in respect of a UK council in many years.

Inspection, audit and regulation bodies sign agreement to boost joint working

On 25 March 2011, the four main inspection, audit and regulation bodies in Wales have signed a strategic agreement in order to boost joint working. The four bodies - Care and Social Services Inspectorate Wales (CSSIW), Estyn (the education inspectorate),

Healthcare Inspectorate Wales (HIW) and the Wales Audit Office (WAO) have also launched a joint paper on inspection, audit and regulation.

Auditor General's response to Public Accounts Committee's report on Accounting, Governance and Propriety issues at the Wales Audit Office

On 29 March 2011, the Auditor General for Wales published a response to the Public Accounts Committee's report on Accounting, Governance and Propriety issues at the Wales Audit Office. The Public Accounts Committee's Report *Accounting, governance and propriety issues at the Wales Audit Office* incorporates the findings of the independent review of the Wales Audit Office accounts that the new Auditor General for Wales commissioned from the National Audit Office.

Conferences

Scottish Public Sector Budgets: Finding the Savings

Mackay Hannah 5th annual public sector budgets conference

21 June 2011, Linlithgow

Speakers include: Sue Bruce, Chief Executive, Edinburgh City Council, and Robert Black, Auditor General for Scotland.

Promoting Equality through Austerity

Mackay Hannah

20 May 2011, Linlithgow

This conference will consider how public bodies, including governments and local authorities, can balance the need to reduce budgetary spend with their obligations under the Equality Act to promote and extend equality, diversity and fairness.