

The Accounts Commission for Scotland

Agenda

**Meeting on Thursday 17 January 2013,
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 10 in private.
4. **Minute of meeting of 13 December 2012**
5. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
6. **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.
7. **Auditing community planning partnerships and outcomes – update report:** The Commission will consider a report by the Controller of Audit.
8. **The future role and purpose of the Local Government Scrutiny Co-ordination Strategic Group:** The Commission will consider a report by the Controller of Audit.
9. **Any other business**

The following items are proposed to be considered in private:

10. **Local Government and Regeneration Committee: Inquiry on Public Services Reform and Local Government: Strand 3 – Proposed response:** The Commission will consider a report by the Controller of Audit.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of the meeting of the Commission of 15 November 2012	AC.2013.1.1
Agenda Item 6: Report by Controller of Audit	AC.2013.1.2
Agenda Item 7: Report by Director of Performance Audit	AC.2013.1.3
Agenda Item 8: Cover note by Controller of Audit	AC.2013.1.4
Agenda Item 10: Report by Controller of Audit	AC.2013.1.5

ACCOUNTS COMMISSION

MEETING 17 JANUARY 2013

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, 13 December 2012, at 10am

PRESENT: John Baillie (Chair)
Michael Ash
Alan Campbell
Colin Duncan
Jim King
Bill McQueen
Christine May
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 (BVSI)
Paul Reilly, Secretary and Business Manager
Russell Frith, Assistant Auditor General [Item 8]
Anne Cairns, Manager - Benefits, Audit Strategy [Item 8]
Martin Walker, Assistant Director, (BVSI) [Items 9, 10, 12 and 13]
Carol Hislop, Senior Audit Manager, BVSI [Items 9 and 12]
David McConnell, Assistant Director, Audit Services [Items 10 and 13]
Gordon Smail, Portfolio Manager, (BVSI) [Items 10 and 13]
Jim Lakie, Project Manager (BVSI) [Item 14]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 15 November 2012
5.	Minutes of meeting of the Financial Audit and Assurance Committee of 29 November 2012
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Welfare reform
9.	Shetland Islands Council
10.	The 2011/12 audit of the City of Edinburgh Council
11.	Any other business
12.	Shetland Islands Council [in private]
13.	The 2011/12 audit of the City of Edinburgh Council [in private]
14.	Statutory performance information: 2012 Direction [in private]
15.	Local Government and Regeneration Committee: Inquiry on Public Services Reform and Local Government: Strand 3 – proposed response [in private]

1. Apologies for absence

Apologies were received from Sandy Cumming.

2. Declarations of interest

The following declarations of interest were made:

- Michael Ash, in items 10 and 13, as a resident of the City of Edinburgh.
- Christine May, as a consultant in waste management and as an owner of a property in the City of Edinburgh.
- Bill McQueen, in items 10 and 13, as a resident of the City of Edinburgh.
- Colin Peebles, in items 10 and 13, as a resident of the City of Edinburgh.
- Linda Pollock, in items 10 and 13, as a former employee of NHS Lothian.

3. Decisions on taking business in private

It was proposed that items 12 to 15 should be taken in private as they include draft reports and confidential issues.

4. Minutes of meeting of 15 November 2012

The minutes of the meeting of 15 November 2012 were submitted and approved, subject to noting that, in relation to item 15, Douglas Sinclair left the table and took no part in the meeting.

5. Minutes of the meeting of the Financial Audit and Assurance Committee of 29 November 2012

The minutes of the meeting of the Financial Audit and Assurance Committee of 29 November 2012 were submitted and approved.

Arising therefrom, the Commission:

- Noted advice from the Chair of the Committee, Bill McQueen, that a presentation to the Committee by Gary Devlin, Director, Grant Thornton, had been very informative.
- Further in this regard, agreed that consideration be given as to how to engage with those private firms undertaking audit work in a formal meeting of the Commission.

Action: Secretary and Business Manager

6. Chair's introduction

The Chair reported that:

- On 21 November he spoke at a Conference on Older People, held at the Radisson Blu Hotel, Edinburgh.
- On 28 November he attended meetings of the Audit Scotland Board and its Remuneration Committee.
- Also on 28 November he – along with Caroline Gardner, the Auditor General - met Denise Coia, Chair, and Frances Elliot, Chief Executive, Health Improvement Scotland, to discuss matters of mutual concern.
- Also on 28 November he held a regular update meeting with Caroline Gardner.
- On 29 November he chaired a meeting of the Community Planning Partnership Audit Steering Group, also attended by Douglas Sinclair and Bill McQueen.
- On 5 December he attended a meeting of the National Community Planning Group, as an observer.
- On 6 December he chaired a meeting of the Strategic Scrutiny Group, also attended by Douglas Sinclair and Bill McQueen.

7. Update report by the Controller of Audit

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

During discussion the Commission:

- Noted advice from the Controller of Audit that he would circulate more details of the Improvement Service's elected member master classes.
- Agreed that the Improvement Service be approached to gauge if there is any scope for input from the Commission into the issues covered by its survey of elected members.

Action: Secretary and Business Manager and Controller of Audit

- If so, then Douglas Sinclair, Michael Ash, Alan Campbell and Christine May be consulted.

Thereafter the Commission agreed to note the report.

8. Welfare Reform Update

The Commission considered a report by the Assistant Auditor General providing an update on the UK Government's welfare reform agenda and the associated implications and risks for Scottish councils.

During discussion the Commission agreed:

- To note advice from the Controller of Audit that the issue of welfare reform featured prominently in the ongoing shared risk assessment process.
- That further in this regard a report on the updated position with regard to Scottish councils be provided at a future meeting.
- That the Assistant Auditor General and Controller of Audit liaise to decide the most appropriate timing of such a report, and advise the Commission in this regard at its next meeting.

Action: Assistant Auditor General and Controller of Audit

- To consider further in the light of such a report if the Commission would like to make any statement on the matter.
- To note that the Local Government Overview Report would also feature the matter.

Thereafter the Commission agreed to note the report.

9. Shetland Islands Council

The Commission considered a report by the Controller of Audit on the progress made by Shetland Islands Council against improvements set out previously by the Commission.

During discussion, the Commission:

- Sought clarification and further explanation from the Controller of Audit on a number of points in the report.
- Noted advice from the Controller of Audit that he would consider how any lessons from the impact of elected member training in Shetland Islands Council may be suitable for sharing more widely.

Following discussion, the Commission agreed to note the report and to consider in private its findings.

10. The 2011/12 audit of the City of Edinburgh Council

The Commission considered a report by the Controller of Audit on the 2011/12 audit of the City of Edinburgh Council.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit on a number of points in the report.

Following discussion, the Commission agreed to note the report and to consider in private how it wished to proceed.

11. Any other business

The Chair advised members of the dates of the COSLA Annual Conference, on 7 and 8 March 2013 and the CIPFA (Scotland) Annual Conference on 14 and 15 March 2013. He invited them to express an interest in attending to represent the Commission at both events.

12. Shetland Islands Council [in private]

The Commission agreed that this item be held in private to allow it to consider actions in relation to the Controller of Audit's report.

Following discussion, the Commission agreed to make findings to be published in early course.

The Chair thanked the audit team for its work.

13. The 2011/12 audit of the City of Edinburgh Council [in private]

The Commission agreed that this item be held in private to allow it to consider actions in relation to the Controller of Audit's report.

Following discussion, the Commission:

- Agreed that it wishes to continue to closely monitor the performance of City of Edinburgh Council.
- Noted that the Controller of Audit is currently undertaking a Best Value audit of the Council.
- Having considered the options open to it when receiving a report from the Controller of Audit, agreed to take none of these options but to note that further information on the Council's performance against its Best Value duty will be forthcoming in the Controller of Audit's Best Value audit report.
- Noted meantime the matters highlighted by the Controller of Audit in his report.
- Agreed that these matters be considered further at a future meeting, in the context of the Best Value audit report.

The Chair thanked the Controller of Audit and the audit team for their work.

14. Statutory performance information: 2012 Direction [in private]

The Commission agreed that this item be held in private because it would involve discussion of options open to the Commission in relation to performance information.

The Commission considered a report by the Controller of Audit providing an update on the Society of Local Authority Chief Executives (SOLACE) led benchmarking project and set out proposals for the 2012 Direction on performance information.

Following discussion, the Commission:

- Endorsed the SOLACE-led benchmarking project in the light of assurances provided by SOLACE on the resource provision that will be put in place to maintain, report and develop the benchmarking indicators.
- Approved the draft 2012 Direction and noted that this reflected the Commission's continued direction of travel of placing increased emphasis on self-evaluation and reporting of performance information by councils.

Action: Controller of Audit

The Chair congratulated Jim Lakie on his impending retirement, and thanked him for his work in supporting the development and maintenance of the Commission's statutory performance indicators.

15. Local Government and Regeneration Committee: inquiry on public services reform and local government: Strand 3 – proposed response [in private]

It was agreed that this item be deferred until the next meeting.

ACCOUNTS COMMISSION

MEETING 17 JANUARY 2013

REPORT BY THE CONTROLLER OF AUDIT

UPDATE REPORT

Introduction

1. The purpose of this regular report is to provide an update to the Commission on 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 a more detailed update on issues arising in local government.
3. The most recent such report was at the Committee meeting of 29th November 2012.

Local government issues

Shared Risk Assessment

4. Work on the latest round of shared risk assessments for councils is well underway. Audit Scotland staff and scrutiny partners are reviewing the assessments made in previous years in relation to current intelligence on councils. As of 8th January, 31 of the 32 meetings of local area network groups have taken place. The remaining meeting is taking place this month.
5. Meetings with councils to discuss changes to the risk assessments and the implications these have on audit work and other scrutiny and inspection programmes are under-way. Draft scrutiny plans and update reports are due to be submitted for the first stage of quality assurance on 18th January. The second stage quality panel will meet to discuss a sample of reports (those showing significant change in risk assessments etc) at the beginning of February. The senior officers involved in planning scrutiny activity in each of the scrutiny bodies will also meet in early February to look at the how the individual council scrutiny plans come together to form the draft national scrutiny plan. Following this, the national round table of the chief officers of each of the scrutiny bodies will consider the national scrutiny plan on 6th March.

Current activity in local government

6. I am in discussions with the Improvement Service as to how Audit Scotland might support delivery of its latest series of elected member master classes. The topics the classes will cover are:
 - New ways of working - making the best use of people and assets
 - Consulting and engaging with local communities

- Meeting the expectations of the review of community planning and Single Outcome Agreements
 - Improving board level skills
 - Welfare reform - the impact and consequences
 - Maximising the council's economic impact
 - Making better use of information and data in decision-making
 - Using social media to better understand and engage with your customers, communities and workforce.
7. Highland Council has set up a Challenge Fund to help communities deliver certain council services and reduce costs. It is open to community councils, community groups and established social enterprises, and will provide £1m each year for approved projects which either:
- deliver the same level of council service at a lower cost
 - deliver a higher level of council service at the same cost
 - help to reduce the council's costs for maintaining premises by taking on the maintenance and running costs, with a one-off fund contribution.
8. A number of individuals working in local government in Scotland received awards in the New Year's Honours List. These included a CBE for Rory Mair, Chief Executive, Convention of Scottish Local Authorities.
9. Bob Black the former Auditor General has produced a paper for the David Hume Institute entitled *Unlocking the Potential in Scotland's Public Services – From Good to Great by 2020*. It sets out the challenges that lie ahead for Scotland's public services and examines the need for 'transformational' change in order to meet those challenges. I can provide members with copies of the paper on request.

Other Audit Agencies

10. In December 2012 the Audit Commission published *Striking a Balance*. The report drew attention to the £12.9 billion held in council reserves in England and addressed how councils might improve decision making on the use of these resources.
11. The Wales Audit Office has published two recent reports covering local government:
- *Use of Technology to Support Improvement and Efficiency in Local Government* found that Councils in Wales are making progress but need longer term strategies needed if they are to deliver sustained savings in the use of technology.
 - *Civil Emergencies in Wales* found that the Welsh Government's co-ordinating role should be clearer and responding organisations need to be more efficient.

Conclusion

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

Fraser McKinlay
Controller of Audit
9 January 2013

ACCOUNTS COMMISSION

MEETING 17 JANUARY 2013

REPORT BY THE CONTROLLER OF AUDIT

AUDITING COMMUNITY PLANNING PARTNERSHIPS AND OUTCOMES: UPDATE REPORT

Purpose

1. The purpose of this paper is to provide the Commission with an update on:
 - progress to date with the first phase of audits
 - the timetable for reporting the local audits and subsequent national report, and
 - plans for evaluating our approach

Progress of CPP audits

2. The three Community Planning Partnership (CPP) audits are progressing to schedule. The audit fieldwork was completed over the late summer. We received good support from colleagues in the Care Inspectorate, Education Scotland and Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) during the fieldwork phase, and we are continuing to liaise with the inspectorates as we proceed through the various stages of reporting.
3. Emerging audit findings feedback events were held with the three CPP strategic boards in November to discuss headline messages from the audits and the local improvement agenda. These meetings took place on:
 - 12th November – North Ayrshire strategic board
 - 19th November – Community Planning Aberdeen
 - 29th November – Scottish Borders CPP strategic board
4. Those meetings were a useful opportunity to test our audit findings with the CPP Boards and assure ourselves that we are presenting a fair and balanced set of audit judgements supported by an appropriate and well targeted improvement agenda. The three audit teams are now liaising with the three CPP boards over the factual accuracy of the draft audit reports which were issued to the boards before Christmas.
5. The Quality and Consistency Review Panel (QCRP) for the three early audit reports took place on the 22nd November. It was chaired by Fiona Kordiak, Director of Audit Services. Annette Bruton (Chief Executive, Care Inspectorate), Sally Hammond (Associate Director, Audit Commission) and David Martin (Chief Executive, Renfrewshire Council and SOLACE representative) provided independent external perspectives. The role of the QCRP is to offer challenge to the audit teams on the quality of the audit reports, the consistency of audit judgement and the extent to which the report recommendations are likely to add value and support improvement. It was a very constructive exercise
6. It is anticipated that the three local audit reports will be considered by the Commission at its meeting on the 14th February 2013 and be published in March 2013 alongside the national Community Planning report.

Key messages report on issues associated with delivering improvements in community planning in Scotland

7. A small team has been established to start preparing a short key messages report summarising the key messages arising from the three audits and providing an overview of the main issues that need to be addressed to deliver improvements in community planning in Scotland. This will be a joint report from the Auditor General and the Accounts Commission. The team is resourced from across Audit Scotland's three main business groups and includes staff who were involved in the CPP audit design work and delivery of the CPP audits.
8. The key messages report will not only draw on the findings of the three early CPP audits but will also draw heavily on recent national performance audit reports on community planning and more general partnership working. The key messages report is also likely to restate some of the important issues concerning governance and accountability arrangements for community planning that were contained in the Accounts Commission's submissions to the Cabinet Secretary for Finance, Employment and Sustainable Growth in August and September 2011.
9. The main objectives of the report are to:
 - identify areas of good practice and scope for improvement at a CPP and national level;
 - assess the extent to which the three CPPs are making progress towards achieving the Scottish Government/COSLA statement of ambition;
 - highlight the challenges and risks to community planning.
10. We aim to publish the key messages report at the same time as the three local CPP audit reports, so that the local reports can be read in the context of the broader national context of Community Planning.

Independent evaluation of the CPP audit approach

11. In line with our approach to the local government BV2 audits and the joint BV audit and inspections of police, we plan to commission an independent evaluation of the early CPP audits. It is critical that we take some time to reflect on the process and learn lessons for the future before embarking on a roll-out of the CPP audit. A prior invitation to tender notice was issued to potential suppliers before Christmas and we anticipate awarding the tender in March. It is planned that the evaluation work will take place in April and May.
12. The evaluation will focus on the extent to which the three early CPP audits have successfully met the characteristics set out in the CPP audit framework that was submitted to John Swinney in June. For example, it is likely to include coverage of the following issues:
 - How successful has the reporting on the impact and effectiveness of the CPP in securing improved outcomes been?
 - How well have the audits addressed the effectiveness of use of resources by the CPP?
 - How successful has the new audit approach been in promoting and supporting improved accountability of CPPs?
 - How effectively have the audits supported improvement within the CPPs?
 - How successful was the partnership working with other scrutiny bodies been during the audits?
 - What did the CPPs themselves think of the process?
13. The evaluation process is likely to include face to face discussions with the audit teams, scrutiny partners, the CPPs, the Accounts Commission, the AGS and other key stakeholders. Important lessons have already been learned from the early audits about how we can strengthen our approaches to corporate working when conducting future CPP audits. It has provided a very

powerful opportunity to identify good practice in auditing from across Audit Scotland's different business groups and develop a shared understanding of how best to assess CPP performance. It will be important that we learn the lessons from this during the evaluation and feed them into the further development of the CPP audit approach.

Recommendations

14. The Commission is invited to:

- (a) consider this report
- (b) note the progress with the three early CPP audits
- (c) note the plan preparation of a national key messages report on issues associated with delivering improvements in community planning in Scotland, alongside the three local CPP audit reports
- (d) note the planned independent evaluation of the three early CPP audits

**Fraser McKinlay
Controller of Audit
7 January 2013**

ACCOUNTS COMMISSION

MEETING 17 JANUARY 2013

REPORT BY CONTROLLER OF AUDIT

THE FUTURE ROLE AND PURPOSE OF THE LOCAL GOVERNMENT SCRUTINY CO-ORDINATION STRATEGIC GROUP

Purpose of Report

1. This paper updates the Commission on recent discussions on this topic at the Strategic Scrutiny Group in October and December. It sets out the key issues that the Strategic Scrutiny Group has been considering in relation to its future role and direction and how it might strengthen its impact in relation to improving the scrutiny of public services in Scotland and also includes a proposed revised terms of reference for the group.
2. Those discussions are now being used to shape a revised work programme for the Strategic Scrutiny Group.

Background

3. The Crerar report on the audit, inspection and regulation of public services in Scotland that was published in 2007 highlighted the need for:
 - improved scrutiny co-ordination
 - stronger focus on self-evaluation within public bodies
 - increased emphasis on supporting improvement by audit and inspection bodies
 - the adoption of more proportionate and risk-based approaches to scrutiny
4. Progress has made across all four areas, with audit and inspection bodies increasing their focus on improvement, adopting a proportionate and risk based approach and continuing efforts to improve self evaluation in councils and other public services.
5. Following the publication of the various post-Crerar action group reports (Reducing Burdens Action Group, Policy and Approaches, User-Focus, etc.) and the Scottish Government formal response to Crerar in 2008, the Accounts Commission agreed to take on a transitional 'co-ordination and gatekeeping role' for local government scrutiny. This facilitation and co-ordination role was subsequently accepted as a formal part of the Accounts Commission's function in 2010.
6. The Accounts Commission took this work forward in partnership with other local government and NHS scrutiny bodies through the creation of the Local Government Scrutiny Co-ordination Strategic Group (referred to as Strategic Group) of heads of agencies, supported by the Local Government Scrutiny Co-ordination Operational Group. Scottish Government (SG), Convention of Scottish Local Authorities (COSLA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE) are key members of the group, albeit as observers.
7. The main vehicle introduced for improving scrutiny co-ordination in local government was the Shared Risk Assessment (SRA), delivered through 32 multi-agency Local Area

Networks (LANs). The SRA process began in 2009 and is now into its fourth cycle. There is a general consensus that the SRA process is well embedded and delivering improved co-ordination and targeting of local government scrutiny, though further improvements can still be made to strengthen its impact (e.g. stronger partnership focus, improved authority and influence of some LAN members, and the establishment of a proper on-going relationship between LANs and councils).

8. Alongside the on-going SRA improvement agenda, Strategic Group members have recognised over recent months that whilst the group is a very useful forum for discussing key Scottish Government policy and scrutiny developments - in fact, it is the only forum which brings together key audit and inspection agencies, SG, COSLA and SOLACE to discuss matters of this kind - it has not been as effective in translating its strategic discussions into a shared agenda for change that will improve the planning and delivery of scrutiny in Scotland.
9. In particular, the group has had many useful discussions in recent months about public service reform and the impact on and contribution of audit and inspection. There is now an opportunity for the group to consider in more detail how scrutiny should evolve to reflect the significant public service reform agenda, including the review of community planning, health and social care integration, police and fire, college regionalisation, and welfare reform.
10. For that reason, the Strategic Group took time at its meeting on the 4th October to consider the following question:

“How can the strategic scrutiny group add more value and deliver more visible change in improving the focus and impact of scrutiny across the public sector?”

11. That initial discussion was followed up in December with a more structured consideration of the issues associated with broadening the scope of the role of the Strategic Scrutiny Group and strengthening its impact.

Key points arising from the Strategic Group’s consideration of its future role and purpose

12. The October discussion was largely focused around three key themes:
 - Organisational commitment to the SRA process and the future role and purpose of local area networks
 - The future role of the Strategic Group, and
 - Potential development tasks for either the Strategic or Operational Group.
13. Those themes were also used to structure the December discussion.

Organisational commitment to the SRA process and the future role and purpose of local area networks

14. There was strong support for using the Operational Group as the main vehicle for managing the SRA process moving forward, given its largely ‘business as usual’ nature now, four years on from its introduction.
15. Whilst recognising the positive impact of the SRA to date, the group agreed that effective shared leadership from all agencies is needed to reinforce to staff involved in

the SRA process, its key role as a driver for more streamlined, better co-ordinated local scrutiny. The need to ensure that LANs involve staff with the right knowledge, skills, and experience to speak authoritatively for their organisations was also agreed, as was the need to move the SRA process on from an annual event to an on-going, mature relationship with individual councils and other partners.

16. Following the October meeting, a draft SRA ‘principles’ paper (jointly prepared by Audit Scotland and Education Scotland) was circulated to the Strategic and Operational Groups for their consideration. Those principles, which were endorsed at the December meeting, are attached at the Appendix.
17. The Strategic Group also agreed that while day to day oversight of the SRA process would be delegated to the Operational Group, there remains an important challenge function for the Strategic Group to ensure that the improvements made to date through the process are sustained and built upon. This could include reporting on the impact of the SRA process both locally and nationally, continuing to deliver reductions in levels of corporate and strategic scrutiny activity, evidence of increased levels of integrated and ‘joined-up’ scrutiny and evidence of improved sharing of intelligence and data to underpin the SRA process.

The future role of the Strategic Group

18. The complex and significant public service reform agenda being taken forward by government was discussed at both the October and December meetings. Consideration was also given to the related major scrutiny developments (CPP audit, children’s services, older peoples’ services) that are currently taking place.
19. There was a consensus that the group could add more value if it adopted a more action-oriented approach to its strategic discussions. It was agreed that the group should become the main forum for scrutiny bodies and other key stakeholders to develop a strategic response to the public service reform agenda, i.e. how the increased focus on place, prevention, community empowerment and service integration should be reflected in future audit and inspection arrangements. Several stakeholders highlighted the opportunity that now exists for scrutiny to play an even more powerful role in supporting improvement and securing better outcomes for local people.
20. There was general agreement that the Strategic Group could and should be the forum for presenting options to government on how scrutiny might develop over the next few years in the context of public sector reform, recognising that decisions on the overall landscape and framework for the inspection and regulation of public bodies are a matter for government, not scrutiny bodies themselves. For example, it is legitimate for individual ministers to request specific pieces of inspection in areas where they are seeking assurance.
21. At its December meeting the Strategic Scrutiny Group agreed the following revised remit for itself:
 - To act as the national forum for consideration of the strategic development of audit, inspection and regulation of public bodies in Scotland
 - To co-ordinate a strategic scrutiny response to the on-going public service reform agenda
 - To consider a co-ordinated and integrated approach to placed-based audit and inspection of public services

- To promote effective liaison and co-ordination of audit and inspection activity across the public sector (including national thematic scrutiny activity)
 - To promote consistent approaches to the performance assessment of public bodies, whilst recognising individual bodies distinct statutory roles and responsibilities
 - To ensure that when conducting audit and inspection activity we support improvement and build self evaluation capacity across the public sector
 - To promote improved data sharing between scrutiny bodies
 - To lead the on-going scrutiny improvement agenda
22. There was agreement that institutional or unit-based inspection (for example, care providers and individual schools), which are currently not included in the Strategic Group's co-ordination remit would remain out of scope, as would the external financial audit process. The logic being that this work will remain part of the 'baseline' audit and inspection activity. It was agreed though, that scrutiny bodies should continue to work together to make effective use of the intelligence that arises from institutional or unit-based inspections when contributing to the SRA process.
23. A clear message arising from recent discussions is that if external scrutiny is to adapt effectively to the evolving place-based public service reform agenda, then there is a need for the Strategic Scrutiny Group to develop a coherent approach to locality-based audit and inspection. Recent discussions have highlighted the fact that when developing any new proposals, careful thought will need to be given to what we mean by 'locality' and how that would link to other levels of audit and inspection activity.
24. Those discussions also highlighted the need for scrutiny bodies to think carefully about the level of assurance that any locality-based audit and inspection might be able to offer on broader corporate leadership and management within either a Community Planning Partnership or the key public service delivery bodies in the CPP area. Similar questions might also arise about the extent to which any local outcome judgements could be used to generalise about broader service performance in the area.
25. There was a consensus that the title and membership of the group needs to be reviewed in the context of its developing role. One possible title suggested was 'Public Services Scrutiny Co-ordination Group'.
26. The need for Scottish Government to 'authorise' any changes to role of group and subsequent scrutiny development proposals was acknowledged. The fact that the group might make recommendations to government on how it works better across departments to support streamlined and more coherent scrutiny was noted.
27. Whilst the importance of evolving audit and inspection models to reflect changing patterns of planning and delivering public services (e.g. new partnership and place-based models) was agreed, there was also a clear consensus that any future focus on 'partnerships and place' must not compromise the ability of individual audit and inspection agencies to offer appropriate public assurance and accountability in relation to mainstream service management and delivery (e.g. the regulation of care services, the performance of individual schools, the performance of individual councils, etc.).

Potential future development tasks for Strategic Group or Operational Group

28. The following long-list of actions were identified as potentially useful pieces of work for the Strategic or Operational Group:
- 1) Mapping of existing ‘known’ strategic scrutiny developments (CPP audit, children’s services, older peoples’ services, police and fire)
 - 2) The development of options for establishing appropriate inter-relationships between these different regimes which deliver effective joint working and make best use of scrutiny resources, but recognise the different roles and purposes of audit and inspection.
 - 3) The development of options for establishing effective integrated locality-based audit and inspection which complements existing and future scrutiny arrangements. The focus being on an outcome and community-based public-value model of scrutiny.
 - 4) The identification of potential impacts of longer-term changes (e.g. health and social care reform and welfare reform) on the future scrutiny landscape.
 - 5) The establishment of a common set of principles across scrutiny bodies to underpin:
 - o The way in which scrutiny bodies work together (i.e. putting more operational flesh on the broad ‘duty to co-operate’)
 - o The way in which we approach self evaluation
 - o Our interest in and approach to supporting improvement and building improvement capacity
 - o Creating more consistency around the ‘key questions’ which we use to inform our performance assessment
 - o The development of a more consistent approach to how we approach to assessing risk at operational level which builds on existing SRA arrangements
 - 6) The development of a shared programme of work centred around self evaluation – both understanding how effectively it is being applied in practice by councils/public bodies and offering guidance and support on what works.
 - 7) The development of a work-stream on mapping information and intelligence across scrutiny bodies and the SG to reduce minimise additional data requests arising from audit and inspection work.
 - 8) The development of a work-stream with the Scottish Government to map existing capacity building and support from within government (e.g. JIT) to identify any areas of potential overlap with existing scrutiny programmes and/or any opportunities for alignment or joint working.
 - 9) The development of a broader staff training and development agenda across agencies.
 - 10) The development of standardised tools/approaches to scrutiny (including common evaluation approaches).

- 11) Review, by the Scottish Government, of the national scrutiny risk priorities to reflect current context, as they were prepared in 2009 and no longer reflect the post-Christie agenda or the current financial challenges facing public bodies.
29. At its 6th December meeting the Strategic Scrutiny Group agreed that this 'long list' of potential actions should be prioritised and converted into a manageable work programme for the Strategic Group and/or the Operational Group. The Strategic Group indicated that it saw the first five actions as being key to taking forward the broader public service scrutiny improvement agenda.
30. The Operational Group met on the 10th December to begin to develop a prioritised work programme, drawing on the long-list of actions set out above. Following that meeting a small working group of officers from across the main scrutiny bodies, with SG and COSLA attendance, has been convened to develop the draft work programme which will be presented to the Strategic Scrutiny Group in February 2013.

General issues

31. Recent discussions with stakeholders have highlighted the importance of the Strategic Group taking an active role in considering nationally significant issues of concern and developing appropriate and co-ordinated scrutiny responses to them. Welfare reform was cited as an example of a topic that might fall into this category. Stakeholders have also highlighted the need for the Strategic Group to act as a forum for the consideration of planned national thematic scrutiny activity and the identification of any opportunities that might exist for joint working across agencies on issues of mutual concern and interest. The Strategic Group has agreed that this should form part of its role and function.
32. Given the proposed broader scope and role for the Strategic Scrutiny Group consideration has been given to the future chairing of the group. The consensus view was that the group should continue to be chaired by the chair by the Accounts Commission, with the Auditor General for Scotland kept informed of scrutiny developments. The argument being that, taken together, the Commission and the Auditor General for Scotland have the widest scrutiny coverage of all of the bodies represented on the group. The continuation of Commission chairing the group would also reflect the fact that the group is evolving from the Commission's original local government scrutiny 'co-ordination and gatekeeping' role.

Recommendations

33. The Commission is invited to:
 - (a) consider this report
 - (b) note the restatement of commitment attached as Appendix 1 which scrutiny bodies have agreed to promote within their respective organisations
 - (c) endorse the revised remit for the Strategic Group, as set out in paragraph 21
 - (d) note the proposed potential areas for future scrutiny development (paragraph 28) and the give key priority areas identified by the Strategic Scrutiny Group (paragraph 29).

Fraser McKinlay

Controller of Audit
7 January 2013

Appendix: Restatement of commitment to the Shared Risk Assessment (SRA) process (draft)

We fully commit to delivering the SRA process by ensuring in our individual organisations that:

- SRA work is effectively led, coordinated and ‘championed’ within each scrutiny body by Operational Group members
- We have the right people on our LANs. LAN members are fully trained and committed to the process and have the appropriate levels of authority or influence to contribute to proposals for future scrutiny work
- We provide regular support, guidance and training to our staff through the promotion of and engagement in any Audit Scotland materials/training and through internal training and support arrangements
- We contribute fully to the individual LANs by providing comprehensive, high quality evidence and intelligence on risks and issues in each council
- We provide our LAN Leads with sufficient time and support to undertake their key SRA leadership and council liaison role effectively
- We ensure that our LAN leads liaise effectively with LAN members and ensure that any judgements relating to their area of specific expertise are owned by the appropriate organisation
- Our staff representatives attend round table meetings and engage fully in face to face discussions in each LAN
- Our staff representatives provide appropriate and timely responses to communications from the LAN lead especially where views, information or assessments are required in respect of evidence, council self evaluation material, risk assessments, proposed scrutiny activity, other planned scrutiny/self evaluation support work or draft documents
- Our staff representatives participate in discussions with the council as appropriate, including supporting the risk assessment and planned scrutiny work decisions
- We promote the quality of SRA products through our own internal quality assurance arrangements to check evidence submissions and draft reports, and through the agreed quality assurance process co-ordinated by Audit Scotland