

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

PRESENT: John Baillie (Chair)
Alan Campbell
Colin Duncan
James 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
Fiona Kordiak, Director of Audit Services
Mark Brough, Secretary & Business Manager
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement [Item 8]
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement [Items 9 and 10]
Gordon Neill, Portfolio Manager, Best Value and Scrutiny Improvement [Item 9]
Fiona Mitchell-Knight, Assistant Director, Audit Services [Items 10 and 11]
Lesley McGiffen, Portfolio Manager, Best Value and Scrutiny Improvement [Item 10]
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 11]

<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 20 January 2011
5.	Minutes of the Performance Audit Committee of 3 February 2011
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	The shared risk assessment process and the Best Value audit programme
9.	Best Value audit of fire and rescue services
10.	North Ayrshire Council Best Value audit
11.	The Highland Council – Caithness Heat and Power Project
12.	Accounts Commission Digest
13.	North Ayrshire Council Best Value audit
14.	The Highland Council – Caithness Heat and Power Project
15.	Any other business

1. Apologies for absence

Apologies were received from Michael Ash.

2. Declarations of interests

Colin Duncan declared an interest in relation to Item 10 as a member of Ayrshire and Arran NHS Board, of which the leader of North Ayrshire Council is also a member.

3. Decisions on taking business in private

The Commission agreed to take items 13 and 14 in private in order to allow deliberation on the action to be taken on the relevant reports.

4. Minutes of meeting of 20 January 2011

The minutes of the meeting of 20 January 2011 were submitted and approved, subject to Item 6 being revised to show that the Commission had agreed to a proposal to appoint Alan Campbell as a member of the Performance Audit Committee.

5. Minutes of the Performance Audit Committee of 3 February 2011

The Commission noted the minutes of the meeting of the Performance Audit Committee of 3 February 2011.

6. Chair's introduction

The Chair reported that—

- As a result of the revised structure of the Audit Scotland Board under the Public Services Reform (Scotland) Act 2010, the Scottish Commission for Public Audit has appointed Ronnie Cleland, an existing independent non-executive member of the Board, as Chair. Recruitment for a third independent non-executive member is under way.
- Following the Commission's decision on statutory performance indicators in December, the Chair and Deputy Chair met representatives of COSLA, SOLACE, the Improvement Service and Directors of Finance to discuss the continued development of local outcome indicators and performance reporting. Further discussion is expected before the Commission considers its approach to its 2011 statutory direction in the autumn.
- Four reports had been published since the Commission last met – *An overview of Local government in Scotland 2010*, and the performance audits published jointly on behalf of the Commission and the Auditor General on *Edinburgh Trams Interim Report*, *The Cost of Public Sector Pensions in Scotland* and *Maintaining Scotland's Roads*. The Chair expressed the Commission's thanks to Audit Scotland's communications team for their work to support these publications.

Jim King had attended a conference on shared services on 7 February on behalf of the Commission, and gave a short report to the Commission.

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—

- A targeted piece of work on Moray Council had been completed jointly by Audit Scotland and Her Majesty's Inspectorate of Education as a result of the shared risk assessment process with scrutiny partners.
- The early publication of the *Edinburgh Trams Interim Report* due to media coverage of a leaked copy.
- That Audit Scotland staff had been invited to express interest in a voluntary early release arrangement scheme.

8. The shared risk assessment process and the Best Value audit programme

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on the shared risk assessment process and Best Value audit work

The Commission noted the progress made in establishing the shared risk assessment process with other scrutiny bodies that is part of the local government scrutiny co-ordination work overseen by the Commission.

The Commission noted, in particular—

- That the shared risk assessment now informs all local government scrutiny work, including the Best Value audit work carried out by Audit Scotland on behalf of the Commission;
- The various means by which the outcomes of risk assessment, proposed scrutiny responses and other key issues are available to the Commission and the public;
- That there is a spectrum of Best Value audit work that can be conducted in a proportionate response to the range and nature of the identified risks.

Following discussion, the Commission agreed—

- That, given the way in which Best Value audit work arises from the risk assessment, details of the proposed Best Value programme should be submitted to the Commission annually;
- That such a report should include—
 - details of the shared risk assessment process that had led to the planned Best Value audit work; and
 - explanation of how decisions on the different types of work had been arrived at;
- To consider at a subsequent meeting a further paper on the proposed Best Value work for 2011/12 that has been identified through the shared risk assessment process.

9. Best Value in fire and rescue services

Having considered at its meeting in September 2010 its approach to taking forward Best Value work in fire and rescue services, the Commission had consulted on options.

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on the consultation undertaken on behalf of the Commission.

The Commission noted—

- That the consultation had shown significant support for its preferred option of undertaking targeted work in each of the eight fire and rescue service areas along with a national overview;
- That there had been some support, particularly from fire and rescue services and authorities, for delaying any Best Value audit work, given the current debate about the future structure of fire and rescue services.

Following discussion, the Commission agreed—

- To approve the report on the consultation analysis and proposed Accounts Commission responses;
- That this report should be issued to stakeholders and published on the Accounts Commission web-page;
- To proceed with its preferred approach of undertaking targeted work in each of the eight fire and rescue service areas and a national overview;
- That audit work would be focused on the key characteristics of efficient and effective service delivery however this is structured; and
- To consider at a subsequent meeting a report setting out detailed proposals for the audit work.

10. North Ayrshire Council Best Value 2 audit

The Commission considered a report from the Controller of Audit on the Best Value audit of North Ayrshire Council. The Commission noted that this was the first Best Value report that implemented refinements to the process and the terms of the audit judgements following the evaluation of the Best Value 2 pathfinder audits.

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

11. The Highland Council – Caithness Heat and Power Project

The Commission considered a report by the Controller of Audit on The Highland Council in respect of the Caithness Heat and Power project. The Commission had considered a previous report in June 2010 and directed the Controller of Audit to conduct further investigations.

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

12. Accounts Commission Digest

The Commission considered and noted its regular briefing on current issues.

13. North Ayrshire Council Best Value 2 audit (In private)

Following discussion, the Commission agreed to make findings as contained in the report published on 10 March 2011.

14. The Highland Council – Caithness Heat and Power Project (In private)

Following discussion, the Commission agreed to make findings as contained in the report published on 2 March 2011.