The Accounts Commission for Scotland

Agenda

**Meeting on Thursday 14 November 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 items 9 to 10 in private.

4. **Minute of meeting of 17 October 2013.**

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. **Briefing – approach to shared risk assessment:** The Commission will consider a report by the Controller of Audit.

8. **Any other business.**

The following items are proposed to be considered in private:

9. **Performance audit: Reshaping care for older people– draft report:** The Commission will consider a report by the Controller of Audit.

10. **How councils work: Options appraisal – draft report:** The Commission will consider a report by the Controller of Audit.

11. **Procurement Reform Bill: Call for Views by Infrastructure and Capital Investment Committee:** 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 17 October 2013	AC.2013.10.1
Agenda Item 6: Report by Controller of Audit	AC.2013.10.2
Agenda Item 7: Report by Controller of Audit	AC.2013.10.3
Agenda Item 9: Report by Controller of Audit	AC.2013.10.4
Agenda Item 10: Report by Controller of Audit	AC.2013.10.5
Agenda Item 11: Report by Controller of Audit	AC.2013.10.6

ACCOUNTS COMMISSION

MEETING 14 NOVEMBER 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, 17 October 2013, at 10.00am

PRESENT: Michael Ash
                  Alan Campbell
                  Sandy Cumming
                  Colin Duncan
                  Jim King
                  Bill McQueen
                  Linda Pollock
                  Colin Peebles
                  Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Fraser McKinlay, Controller of Audit
                  Russell Frith, Assistant Auditor General [Item 11]
                  Paul Reilly, Secretary and Business Manager
                  Angela Cullen, Assistant Director, PABV [Item 16]
                  Fiona Mitchell-Knight, Assistant Director, Audit Services [Items 10 and 15]
                  Kathrine Sibbald, Portfolio Manager, PABV [Items 10 and 15]
                  Martin Walker, Assistant Director, PABV [Items 10, 15 and 17]
                  Peter Worsdale, Project Manager, PABV [Item 17]

1.   Apologies for absence

Apologies for absence were received from John Baillie, Christine May and Graham Sharp.

The Commission noted advice from Douglas Sinclair that in the absence of John Baillie, he would chair the meeting.

2.   Declarations of interest

The following declarations of interest were made:

- Bill McQueen, in item 16, as a member of the Scottish Fire and Rescue Service board.

- Alan Campbell, in item 9, as a former Chief Executive of Aberdeenshire Council.

3.   Decisions on taking business in private

It was agreed that items 15 to 17 should be taken in private as they contained draft reports and confidential issues.

4.   Minutes of meeting of 12 September 2013

The minutes of the meeting of 12 September 2013 were submitted and approved, subject to:
- In relation to the fourth bullet point of item 5 (Chair's report), replacing "the Deputy Chair and I" with "he and the Deputy Chair".

- In relation to the fifth bullet point of item 6 (list of councils signed up to the Improvement Service's Continuous Professional Development Framework), noting advice from the Secretary and Business Manager that the information would be circulated and placed on the Members' Portal in early course.

- In relation to the fourth bullet point of item 13 (VAT status of the Commission), noting advice from the Controller of Audit that the matter had featured during Audit's Scotland's appearance at the meeting of the Scottish Commission for Public Audit on 10 October 2013, and the matter remained ongoing.

5.   Minutes of the meeting of the Performance Audit Committee of 26 September

The minutes of the meeting of the Performance Audit Committee of 26 September were submitted and approved, subject to noting advice from the Secretary and Business Manager that:
- In relation to the final bullet point of item 5 (Performance audit: project brief - School education), a revised project brief had been circulated to members.

- In relation to the final bullet point of item 6 (*How councils work*; draft report – Option appraisal), a draft report would be submitted to the November meeting of the Commission.

6. Minutes of the meeting of the Financial Audit and Assurance Committee of 26 September

The minutes of the meeting of the Financial Audit and Assurance Committee of 26 September were submitted and approved, subject to noting advice from the Controller of Audit that, in relation to the sixth bullet point of paragraph 14 (Integrated health and social care: Highland – evaluation paper) he was investigating the availability of such an evaluation paper.

7. Chair's introduction

The Deputy Chair reported that:

- On 25 September, the Chair undertook a speech entitled 'Holding local government to account: current and future challenges', hosted by the Institute of Chartered Accountants of Scotland (ICAS) and the University of Edinburgh Business School. The speech is available to members on the Commission homepage.

- On 1 October, the Chair spoke at the audit planning conference for 2013-14, hosted by Audit Scotland.

- On 3 October, the Chair chaired the latest meeting of the Strategic Scrutiny Group, consisting of the Commission and its scrutiny partners, also attended by Douglas Sinclair and Bill McQueen. The meeting was a useful opportunity for the group to consider the encouraging progress of its four development workstreams, and to confirm its strategic direction.

- On 10 October, the Chair attended, as an observer, the latest meeting of the National Community Planning Group. The Group considered how to progress the recently published Joint Agreement on Joint Working on Community Planning and Resourcing, the outcome of the Quality Assurance exercise for Single Outcome Agreements, and how to drive forward the Group's Statement of Ambition for Community Planning.

8. 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, in relation to paragraph 10 of the report:

- noted advice from the Controller of Audit that the COSLA vision had been circulated to members.

- noted advice from the Secretary and Business Manager that further information on the COSLA Commission on Strengthening Local Democracy would be made available to members.

Action: Secretary and Business Manager

Thereafter the Commission agreed to note the report.

9. Arms length external organisations

The Commission considered a report by the Secretary and Business Manager setting out issues around the powers of the Commission in relation to the scrutiny of arms length external organisations (ALEOs) and proposing actions.

During discussion the Commission:

- Noted the information provided in the report on the prevalence of ALEOs.

- Noted the advice received in relation to the Commission's powers to hold ALEOs to account.

- Agreed that the Code of Guidance on 'funding external bodies and following the public pound' be updated.

- Agreed to commission work on the governance of ALEOs, as set out in paragraph 30 of the report.

- Agreed that this work include reference to:
    o the performance of ALEOs.
    o the rationale used by councils for establishing their ALEOs.
    o the representation of elected members on ALEOs, including their attendance at ALEO meetings.

- Agreed that the Controller of Audit discuss further with the Office of the Scottish Charity Regulator how to collaborate in relation to parts of this work.

Actions: Controller of Audit

- Noted advice from the Controller of Audit that appropriate terms be placed in the planning guide for auditors for 2013/14.

- In relation to paragraph 18 of the report, noted advice from the Deputy Chair the Cabinet Secretary for Finance, Employment and Sustainable Growth had written to the Chair, noting the Commission's interest in the scrutiny of ALEOs and advising of his view that the forthcoming consultation on the draft Community Empowerment Bill would not represent an opportunity to include discussion on the issue of scrutiny of ALEOs.

- Agreed to inform the Cabinet Secretary of the Commission's decision, including the view of the Commission that it wishes to reserve the opportunity to propose the need for additional powers in the future.

Action: Secretary and Business Manager

10. Statutory Report – Argyll and Bute Council

The Commission considered a report by the Secretary and Business Manager introducing the Controller of Audit's statutory report on Argyll and Bute Council and seeking direction on how to proceed.

Following consideration, the Commission:

- Noted correspondence that had been received by the Chair and by Audit Scotland in relation to Argyll and Bute Council, which was tabled by the Deputy Chair and Secretary and Business Manager.

- Agreed to note the report and to consider in private how to proceed.

11. Appointment of auditors to local authority charities – transitional provisions

The Commission considered a report by the Assistant Auditor General requesting approval for some transitional provisions for the appointment of auditors to local authority charities.

During discussion, the Commission:

- Noted advice from the Assistant Auditor General that he would report back on legal advice being sought on specific aspects of the issue.
- Approved the deferral of its appointment of external auditors of councils' charities where the conditions set out in the report were met.

Actions: Assistant Auditor General

12. Briefing - Scottish Budget 2014/15

The Commission considered a report by the Secretary and Business Manager outlining the Scottish Draft Budget 2014-15 with particular emphasis on implications for local government.

Following discussion, the Commission noted the report.

13. Commission meeting dates 2014

The Commission considered a report by the Secretary and Business Manager outlining proposed arrangements for Commission meetings in 2014.

Following discussion the Commission agreed to adopt the proposed meeting format and schedule of dates for 2014.

14. Any other business

The Deputy Chair advised the Commission that Jim King's term as a member would end on 31 October 2013, and thus this would be his last meeting.

The Deputy Chair paid tribute to Jim's commitment to the Commission during his term of office. On behalf of the Commission, he thanked Jim and wished him well for the future.

15. Statutory report – Argyll and Bute Council [in private]

The Commission agreed that this item be held in private to allow it to consider how to proceed in relation to a report by the Controller of Audit.

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

Action: Secretary and Business Manager

16. Performance Audit Programme – proposals for 2014/15 [in private]

The Commission agreed that this item be held in private to allow it to consider a draft performance audit programme.

The Commission considered a report by the Controller of Audit seeking the Commission's approval for the performance audit programme 2014/15, in conjunction with the Auditor General for Scotland.

Following discussion, the Commission:

- Agreed to approve the proposed programme, subject to the points raised in the discussion, including consultation with the Auditor General for Scotland as appropriate.

- Noted the potential audits in the rolling programme and agreed that Audit Scotland should develop these further and bring proposals for the 2015/16 programme in due course.

- Agreed the proposals for consulting and communicating the 2014/15 PA programme.

- Agreed that the Controller of Audit consider how, in shaping the programme and other work, to ensure more emphasis on revisiting previous reports and work of the Commission.

Action: Controller of Audit

17. <u>How councils work: Charging for services – draft report [in private]</u>

The Commission agreed that this item be held in private to allow it to consider and approve a draft report and proposed publication arrangements as presented in the report by the Controller of Audit.

The Commission considered a report by the Controller of Audit proposing a draft report in the *How Councils Work* series, *Charging for services: are you getting it right?*.

Following discussion, the Commission:

- Noted advice from the Controller of Audit about the outcome of consultation with COSLA on the draft report.

- Approved the draft report *Charging for services: are you getting it right?* and associated publication arrangements, subject to the audit team considering a number of points raised in discussion and consulting further with the sponsors of the report, Jim King and Colin Duncan.

Action: Controller of Audit

ACCOUNTS COMMISSION

MEETING 14 NOVEMBER 2013

REPORT BY CONTROLLER OF AUDIT

UPDATE REPORT

Introduction

1. The purpose of this report is to provide a regular 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 26 September.

Local government issues

4. I reported in October that all local authority accounts were signed off by the 30 September deadline.

5. The deadline of completion of all annual audit reports to the Controller of Audit and elected members passed at the end of October. Annual audit reports have been finalised at 30 of Scotland's 32 local authorities. It is anticipated that the remaining two annual audit reports (East Dunbartonshire and City of Edinburgh) will be finalised shortly.

6. These are significant achievements and are testament to the hard work which has been taking place in all local authorities and by the appointed auditors across the country.

7. Matters arising from the audit will be reported in the annual local government overview report and / or be the subject of separate reports as appropriate.

Shared Risk Assessment

8. The local government shared risk assessment process (SRA) for 2014/15 has now started. Local area network (LAN) lead and LAN member training is now concluded and Round Table meetings are being scheduled. A more detailed report of the proposed approach to this year's SRA process is an agenda item for today's Commission meeting.

Scottish Parliament/ Scottish Government/ CoSLA/Improvement Service

9. The Parliament's Public Audit Committee considered the joint Accounts Commission/ Auditor General for Scotland report 'Housing in Scotland' in October. The Committee has subsequently written to the Scottish Government's Director General Governance and Communities asking for further information on how the Scottish Housing Charter will assist councils to improve and manage their stock. In particular, the Committee has asked for clarification on how the Scottish Government will support councils in addressing the anticipated 30 year funding shortfall of £1.9 billion highlighted in the report.

10. The Local Government & Regeneration Committee began its scrutiny of the draft budget 2014-15 at its meeting on the 30th October. The Committee took evidence from Elma Murray, Chair of SOLACE Scotland and Chief Executive of North Ayrshire Council; Ian Lorimer, Chair of Directors of Finance, COSLA; John Swinney, Cabinet Secretary for Finance, Employment & Sustainable Growth; Graham Owenson, Head of Revenue and Capital, Scottish Government; and, Stephen Gallagher, Head of Local Government Division, Scottish Government. The debate covered many topics of interest to the Commission, including financial pressures, efficiency and service reform, the impact of the pay and Council Tax freeze, benchmarking and sharing good practice. A copy of the official report is available at
http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8590&mode=pdf

11. The Welfare Reform Committee considered the potential impact of welfare reform in Scotland at its meeting on Tuesday 29th October 2013. The Committee heard evidence from: Margaret Burgess, Minister for Housing & Welfare; Ann McVie, Team Leader, Welfare Division, Scottish Government; and, Susan Anton, Economist-Welfare Analysis, Scottish Government. The debate covered many topics of interest to the Commission, including pilot work in South Lanarkshire, Dundee, Aberdeenshire and Glasgow City to mitigate the impact of welfare reform. Having considered its evidence the Committee agreed to submit a request for a chamber debate on this topic to the parliamentary authorities. A copy of the official report is available at
http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8580&mode=html

12. The Scottish Government has allocated £300m of funding across Scotland's 32 local authorities through the Affordable Housing Supply Programme (AHSP) in order to fund over 6,000 affordable homes, 4,000 of which will be social homes.

13. The Economic and Social Research Council (ESRC) and Cabinet Office, supported by an independent charity, Nesta, have launched a network of What Works Centres (WWC) to provide a stronger evidence base to inform decisions and practice in a number of major policy areas (local growth, ageing, crime and early intervention). The Scottish Government is proposing to establish a Scottish WWC to strengthen and improve the use of evidence to drive the shift to prevention. Details of the existing What Works Centres can be found below
https://www.gov.uk/what-works-network

14. The Improvement Service (IS) has begun working with Community Planning Partnerships (CPPs) to support their self-assessment and improvement planning. CPP Board Chairs, local authority Chief Executives, Community Planning Managers and Scottish Government Location Directors were contacted in September with the offer of support with self-assessment and improvement planning, initially at Board and Executive level. Eighty per cent of CPPs confirmed that they require some support at Board and/or thematic level, starting in late 2013 through to the end of 2014. On 25 October 2013, the IS delivered an awareness session for the improvement partners supporting this project on the proposed self-assessment process and tools which will be used. The IS is now planning and resourcing the self-assessment programme and will be working closely with CPPs over the next year.

Current activity in local government

15. Following the change of administration on Dumfries and Galloway Council and the formation of a Labour and SNP alliance that I reported to the Commission in October, Labour councillor Ted Thompson has been appointed as the new provost of Dumfries.

16. Scottish Borders Council has approved a major restructuring exercise that will involve a reduction in the number of director posts from four to two and a streamlining of chief officer posts from 19 to 12.   As well as direct savings of more than £100,000, it is hoped the move will allow more than £600,000 to be reinvested into other services. The restructuring exercise has been prompted by the context of reducing public sector funding and an increased focus on partnership working. The Council hopes that the new structure will deliver better, more responsive and integrated local services to the people of the Scottish Borders.

17. Highland Council has approved a major restructuring exercise that will take place in two phases next year. It will involve aligning teams of workers into five services from the current seven in a move to save £350,000 a year. The new services will be children, education and adult services, finance, corporate development, capital and development and community services.

18. The Equality and Human Rights Commission (EHRC) recently considered whether Moray Council had acted reasonably in its decision to close seven of its 15 libraries and one mobile library in order to save £357,000. An equalities impact assessment produced by council officials had recommended closing only four libraries. The EHRC has indicated that officials had produced an apparently comprehensive equality impact assessment and councillors had taken account of this in their decision making. The EHRC has made clear that it is not in a position to judge individual budget decisions made by public authorities. Whether an authority has acted reasonably in its decision making is a matter for the Courts rather than EHRC. The campaign group Save our Libraries Moray has recently indicated that it will go to the Court of Session to seek a judicial review of the council's decision.

People update

19. Paul Gray has been appointed as Director General of Health & Social Care and Chief Executive of NHS Scotland, replacing Derek Feeley who left the Scottish Government in July. Mr Gray is currently Director General for Governance & Communities and will take up his new position on 2nd December.

20. The position of Acting Director General role in Governance & Communities will be filled by Barbara Allison on an interim basis from November 4. Ms Allison is currently Director of Human Resources and Organisational Development.

Other Agencies

21. *The Audit Commission* published 'Business rates: using data from the VFM Profiles' at the end of October. The briefing presents the Commission's analysis of English councils' collection rates and costs of collecting business rates. In April 2013, the government introduced a business rates retention scheme. Councils are now able to keep up to half of the business rates income they collect, rather than – as previously – paying it all into a 'national pool'. So, from 2013/14, a council's income will be directly affected by the business rates it collects. The benchmarking analysis is available of the Audit Commission website: http://www.audit-commission.gov.uk/2013/10/1-2-billion-owed-to-councils-in-uncollected-business-rates/

22. *The National Audit Office* published its Delivery Environment Complexity Analytic (DECA) tool on the 25 October. This tool provides a high level overview of the challenges, complexity and risks to delivery of a project, programme, policy or area of work. The DECA can be used to develop a broad, high-level understanding of an

organisation, for assessing the challenges surrounding the implementation of major projects. It is also a useful tool for wider strategic planning and checking whether risk registers appropriately capture and address these factors. The tool is available on the NAO website: http://www.nao.org.uk/report/deca-understanding-challenges-delivering-project-objectives/

23. *The Northern Ireland Audit Office* (NIAO) published DOE Planning: Review of Counter Fraud Arrangements on 15 October 2013. Planning transferred from local government to the Department of the Environment (DoE) in 1973. In April 1996 it became the Planning Service, an Executive Agency. In 2011, as part of the preparations for planning and local government reform, planning functions reverted to the Department. DoE anticipates that planning functions will transfer to the 11 new district councils in April 2015. Robust counter-fraud arrangements must be in place before planning functions transfer to district councils in 2015. The full report is available on the NIAO website: http://www.niauditoffice.gov.uk/index/publications/recent_reports/doe_counter_fraud_arrangements.htm

Conclusion

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

Fraser McKinlay
Controller of Audit
7 November 2013

ACCOUNTS COMMISSION

MEETING 14 NOVEMBER 2013

SHARED RISK ASSESSMENT 2014/15

Purpose

1. The purpose of this report is to inform the Accounts Commission of the proposed approach to, and timetable for, the 2014/15 shared risk assessment (SRA) process.

2. The report sets out how the SRA has been further developed this year in response to feedback from participants in the process, including the views and experiences of local authority chief executives. It also highlights current thinking within the strategic scrutiny group on the future development of the SRA into a broader place and partnership-based joint scrutiny planning process.

Background to the SRA review

3. Earlier this year, the strategic scrutiny group commissioned a review of the SRA process. The review was undertaken by a short-life working group including representatives from Audit Scotland, Education Scotland, the Care Inspectorate, Healthcare Improvement Scotland, Her Majesty's Inspectorate of Constabulary (HMICS), Her Majesty's Fire Service Inspectorate (HMFSI), and the Scottish Housing Regulator (SHR). The review was led by Antony Clark from Audit Scotland, with Alastair Delaney from Education Scotland acting as the strategic scrutiny group 'champion'.

4. The purpose of the review was to take stock of the operation of the SRA after four cycles of the process, in the context of a significantly changed scrutiny landscape. For example, since the SRA process was introduced in 2008, Education Scotland has been formed from a merger of Her Majesty's Inspectorate of Education (HMIE), Learning and Teaching Scotland, the Scottish Government's Positive Behaviour Team and the National Continuing Professional Development Team. The Care Inspectorate has also been established following a merger of the Social Work Inspection Agency (SWIA), parts of the Care Commission and some functions of HMIE. We have also seen significant changes taking place recently in police and fire as a consequence of the creation of the new national police and fire services. All of these changes have potential implications for the focus of, and approach to, the SRA.

5. In addition to identifying potential improvements to the local government SRA process, the strategic scrutiny group also asked that the SRA review consider the merits and practicalities of extending the SRA process from a local government scrutiny risk assessment into a 'place and partnership' risk assessment and joint scrutiny planning model. The rationale for this being the increased emphasis on 'partnership' and 'place' as key pillars of the Scottish Government's public service reform agenda.

Key findings from the SRA review – feedback from chief executives

6. Chief executives are supportive of the SRA process, with a strong sense that it has been useful in providing a framework for co-ordinating engagement between the council and scrutiny bodies, and has improved the scheduling of local audit and inspection work. As we would expect, several areas for improvement and refinement to the process have also been highlighted:

    - There continues to be a need to establish greater consistency of approach and experience amongst councils. Much of the inconsistency experienced by councils has arisen from their engagement with local area network (LAN) leads and their wider LANs. There is a general view that more frequent engagement with LAN members, in particular better engagement with the full LAN, would help ensure that LANs develop a proper understanding of the full range of challenges facing councils. This would allow them to reflect this more effectively in their local risk assessments and scrutiny responses.

    - Several chief executives highlighted the need for LANs to be more aware of the increasingly sensitive political context in which the SRA and external scrutiny more generally is taking place.

    - There is an appetite amongst councils for greater clarity on how SRA judgements are formed. In particular, the criteria that underpin the LANs' judgements on scrutiny risk and the thresholds that trigger scrutiny interventions.

    - Chief executives acknowledged the improved scheduling of local audit and inspection work that has arisen from the SRA process. However, a number felt that there is scope for the SRA process to deliver more significant changes to routine audit and inspection approaches through even more proportionate and better targeted local scrutiny responses.

    - Whilst chief executives accepted the legitimate interest of Scottish Ministers in seeking national assurance on matters of public concern, they are concerned that decisions about the scheduling and scoping of nationally directed scrutiny do not always appear to be informed sufficiently by local scrutiny risk assessments.

    - There is general support for developing a place-based SRA to help understand partnership working, outcomes and impact at local level, identify good practice and better target scrutiny activity. But, the importance placed on this potential development by chief executives varied quite widely. Overall, it was seen as an important 'direction of travel' to work towards in light of the broader public service reform agenda, but not a pressing concern.

Key areas of focus for the 2014/15 SRA process

7. Based on the SRA review and the feedback from the strategic scrutiny group, we have established four areas of focus for this year's SRA process. These are reflected in the SRA guidance and have been communicated to LAN leads and LAN members at this year's SRA training courses.

8. The four areas of focus this year are that the SRA process must:

    1) deliver more consistent and effective engagement with councils at each stage of the SRA process

2) act as a vehicle for developing a good understanding across the LAN of the council's current position in relation to key aspects of the public service reform agenda (i.e. current SOA improvement priorities, local police and fire oversight arrangements, current planning for health and social care integration)

3) provide a clearer focus on how well the council is improving and/or transforming public services, including formally reviewing progress being made by the council in implementing improvement plans/transformation programmes and critically analysing SOLACE benchmarking data

4) ensure more comprehensive and consistent reporting of local scrutiny risk assessments.

9. Copies of the SRA Guidance 2014/15 that have been issued to LAN leads and LAN members together with the material used at the recent training events can be made available to Commission members on request.

Developments in the current SRA process

10. To support a more consistent approach to making scrutiny risk assessments, we have provided LANs with updated guidance and a more detailed risk assessment template to support the process this year. The revised guidance and evidence template include information to help LANs better understand the focus of risk assessments for each of the areas under consideration. This includes defining the scope of the area under consideration and providing a range of potential prompt questions that LANs may wish to consider when making their risk assessments.

11. LANs are also being provided with a range of relevant supporting information on public service reform (e.g. current SOA improvement priorities, local police and fire oversight arrangements, etc.) to support them in having informed discussions with the council, and to help them develop a good understanding of the council's approach to implementing the public service reform agenda. This information includes a copy of the recently signed-off SOA for the local CPP and the quality assurance feedback sent to the CPP by the Scottish Government and COSLA.

12. To deliver more consistent and effective engagement with councils, the SRA guidance outlines minimum standards of engagement between LAN leads and councils at each stage of the SRA process. This includes:

- an initial set-up discussion with chief executive

- feedback to chief executive after each local 'round table' meeting

- feedback to chief executive after a quality and consistency review panel (QCRP)

- feedback after national 'round table' meetings and meetings of planners and schedulers (where appropriate)

- discussing the draft Assurance and Improvement Plan (AIP) with the chief executive (or nominee).

13. The guidance also provides greater clarity around the role of LAN leads and LAN members and the contribution that they are expected to make to the SRA process. To ensure that this is communicated effectively and greater consistency of participation is achieved in this year's SRA process, all LAN members have been required to attend

training sessions this year.

14. A series of six dedicated training sessions have now been hosted by Audit Scotland, all of which have been well attended. Over ninety staff from across Audit Scotland, Education Scotland, the Care Inspectorate, and SHR have now attended training courses. Further wash up sessions have been arranged for those people who were unable to attend the training.

Timetable

15. Last year Audit Scotland published the 2013-16 National Scrutiny Plan and corresponding AIPs for all councils on 25 April 2012. Reflecting on the lessons learned from last year and feedback from both LAN members and council chief executives , we have extended the timetable for the current SRA process slightly this year to provide more opportunity for engagement and communication with councils at each stage of the process. An overview of the SRA timeline is shown at Appendix 1.

16. Based on our current plan, our intention this year is to publish the 2014-17 National Scrutiny Plan and AIPs by week commencing 12 May 2014.

Developing the SRA as a more 'place' and 'partnership' process

17. Given the increased emphasis on 'partnership' and 'place' in public service reform, the strategic scrutiny group asked that the SRA review consider the merits and practicalities of extending the SRA process from a local government scrutiny risk assessment into a 'place and partnership' risk assessment and joint scrutiny planning model.

18. The SRA review group has given careful consideration to this, and concluded that while this is a worthwhile direction of travel, it is not practical to introduce such an arrangement at this time. Further development work would be needed to address a number of important unanswered questions before any change of this kind could be made. These questions include:

   - How would the scrutiny risks associated with the NHS and other significant Scottish Government bodies be considered and addressed?

   - How would LANs' engagement with the various partners be addressed (e.g. through the CPP and/or through other groups such as the health and social care partnership)?

   - How would any change to the scope of the SRA be agreed with the Scottish Government to provide legitimacy for such a shift and/or ensure that any resource implications were properly dealt with?

   - How would this change impact on the existing statutory audit, inspection and regulation responsibilities of the various scrutiny bodies that currently participate in the SRA process?

   - What are the potential resource implications on scrutiny bodies and the various public body partners that might be affected?

19. However, a short-term interim step has been identified to signal that LANs and the SRA process are conscious of the direction of travel of reform in relation to partnership, place, prevention, people and performance. The SRA review group recommended to the strategic scrutiny group that this year's SRA process be used as a vehicle for developing

a good understanding across the LAN of each councils' current position in relation to key aspects of the reform agenda. This will include considering current SOA improvement priorities, reviewing local police and fire oversight arrangements, and gathering intelligence on current plans and approaches for health and social care integration.

20. It was felt that this will send a useful signal about how the SRA process is evolving in line with broader public service reform developments. It will also provide useful outputs to inform the identification of potential future CPP audit sites to follow on from the current programme of five CPP audits (Glasgow, Falkirk, Moray, West Lothian and Orkney).

21. The strategic scrutiny group accepted these proposals and made a commitment to undertake further development work on the SRA during 2014/15. This work will further consider the merits and practicalities of moving towards a more partnership and place-based SRA process and will draw on our experience of having undertaken a further five CPP audits.

Conclusion

22. The Commission is invited to:

   i.   consider this report:

   ii.   note the proposed approach to, and timetable for, the 2014/15 shared risk assessment (SRA) process

   iii. note the planned further development of the SRA during 2014/15, to further consider the merits and practicalities of moving towards a more partnership and place-based SRA process.

Fraser McKinlay
Controller of Audit
7 November 2013

2014/15 SRA Timetable

An overview of key milestones in the SRA process for 2014/15 is as follows:

DATE	ACTIVITY
From October 2013	LANs start engagement with councils on SRA process
By Fri 1 November	Audit Scotland distributes guidance and evidence template to LANs *(additional information on individual councils to follow, in advance of LAN meetings)*
28 October - 13 November	Audit Scotland holds training and information sessions for LAN members and leads
November to January	LAN members gather and analyse evidence for their council and complete the evidence template
	LAN members submit the evidence template to their LAN lead
	LAN leads collate the evidence from their LAN members into one document, for discussion at the LAN meeting
	LAN meetings take place
w/c 16 December (TBC)	All LAN leads meet discuss progress
w/c 16 December (TBC)	Planners and schedulers hold initial meeting to identify any national work planned by their organisation in councils during 2014/15
w/c 13 or 20 January 2014 (TBC)	Prior to submitting draft AIPs to Audit Scotland, LAN leads meet to discuss common issues
w/e 14 February	LAN leads submit draft AIPs to Audit Scotland *(Audit Scotland review all 32 AIPs and start drafting National Scrutiny Plan)*
w/c 17 February	Planners and schedulers hold second meeting to update on any nationally directed scrutiny activity
w/c 3 March	Quality assurance of AIPs takes place - through a Quality Consistency Review Panel (QCRP) *(LAN leads amend AIPs as appropriate)*
w/c 17 March	National round table meeting (heads of scrutiny bodies) to consider national issues from AIPs and draft National Scrutiny Plan
w/c 24 March	LAN leads have a final discussion
	(LAN leads make final amendments to AIPs)
By Fri 21 April	Submission of final AIPs to Audit Scotland for publication
w/c 12 May	32 AIPs and National Scrutiny Plan published