

## **The Accounts Commission for Scotland**

### **Agenda**

**Meeting on Thursday 8 September 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 items 10, 11 and 12 in private.
4. **Minutes of meetings of 14 July 2011 and 17 August 2011**
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. **Performance audit programme:** The Commission will consider proposals for a programme of performance audit work.
8. **Accounts Commission digest:** The Commission will consider any points that arise from its regular briefing on current issues.
9. **Strathclyde Partnership for Transport:** The Commission will consider a report by the Controller of Audit.
10. **Strathclyde Partnership for Transport:** The Commission will consider the action it wishes to take on the Controller's report.
11. **Performance audit on Community Planning Partnerships:** The Commission will consider a draft report.
12. **Supporting improvement and accountability within Community Planning Partnerships:** The Commission will discuss the scrutiny of Community Planning Partnerships and related matters.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
<p><b>Agenda Item 4:</b> Minutes of the meeting of the Commission of 14 July 2011</p> <p>Minutes of the meeting of the Commission of 17 August 2011</p>	<p>AC.2011.9.1</p> <p>AC.2011.9.2</p>
<p><b>Agenda Item 6:</b> Update report by the Controller of Audit</p>	<p>AC.2011.9.3</p>
<p><b>Agenda Item 7:</b> Report by Director of Performance Audit</p>	<p>AC.2011.9.4</p>
<p><b>Agenda Item 8:</b> Accounts Commission digest for September 2011</p>	<p>AC.2011.9.5</p>
<p><b>Agenda Item 9:</b> Note by Acting Secretary &amp; Business Manager</p> <p>Report by Controller of Audit</p>	<p>AC.2011.9.6</p> <p>AC.2011.9.7 and 7(a)</p>
<p><b>Agenda Item 11:</b> Report by Director of Performance Audit (PRIVATE PAPER – For members only)</p> <p>Draft key messages (PRIVATE PAPER – For members only)</p> <p>Draft performance audit report (PRIVATE PAPER – For members only)</p>	<p>AC.2011.9.8</p> <p>AC.2011.9.9</p> <p>AC.2011.9.10</p>
<p><b>Agenda Item 12:</b> Accounts Commission paper (PRIVATE PAPER – For members only)</p>	<p>AC.2011.9.11</p>

**ACCOUNTS COMMISSION**

**MEETING 8 SEPTEMBER 2011**

**MINUTES OF MEETING OF 14 JULY 2011**

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Minutes of the meeting of the Accounts Commission  
held in the offices of Audit Scotland at  
18 George Street, Edinburgh, on  
Thursday, 14 July 2011, at 10am

**PRESENT:** Douglas Sinclair (Deputy Chair)  
Sandy Cumming  
Colin Duncan  
Christine May  
Bill McQueen  
Colin Peebles  
Linda Pollock  
Graham Sharp

**IN ATTENDANCE:** Fraser McKinlay, Controller of Audit and Director of Best Value and  
Scrutiny Improvement (BVSU)  
Fiona Kordiak, Director of Audit Services  
Gordon Smail, Acting Secretary & Business Manager  
Martin Walker, Assistant Director, BVSU [Item 8]  
Antony Clark, Assistant Director, BVSU [Item 9]  
Russell Frith, Assistant Auditor General [Items 11, 12, 13]  
Owen Smith, Manager, Benefits (Technical) [Items 11, 12, 13]  
Barbara Hurst, Director of Performance Audit (PAG) [Items 14, 15]  
Angela Cullen, Assistant Director, PAG [Items 14, 15]  
Miranda Alcock, Portfolio Manager, PAG [Item 14]  
Sally Thompson, Project Manager, PAG [Item 14]  
Mark Roberts, Portfolio Manager, PAG [Item 15]  
Kirsty Whyte, Performance Auditor, PAG [Item 15]

<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 16 June 2011
5.	Minutes of the Performance Audit Committee of 9 June 2011
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Performance indicators and performance management systems
9.	Engagement with and assurance from shared risk assessment
10.	Accounts Commission digest
11.	Annual report on benefits audit
12.	Aberdeenshire Council – report by the Controller of Audit
13.	Aberdeenshire Council – consideration of Controller's report
14.	Performance audit draft report – justice overview
15.	Performance audit draft report – modernising the planning system
16.	Accounts Commission strategy event

1. Apologies for absence

Apologies for absence were received from Mike Ash, John Baillie, Alan Campbell and Jim King.

2. Declarations of interest

Linda Pollock declared an interest in Item 14 as a member of the Board of the Scottish Legal Complaints Commission.

3. Decisions on taking business in private

The Commission agreed to take Items 13, 14, 15 and 16 in private to allow deliberations on: actions arising from its consideration of the Controller of Audit's report on Aberdeenshire Council (Item 13); draft audit reports to be published in September (Items 14 and 15); and actions arising from the Commission's annual strategy event (Item 16).

4. Minutes of meeting of 16 June 2011

The minutes of the meeting of 16 June 2011 were submitted and approved.

5. Minutes of the Performance Audit Committee of 9 June 2011

The Commission noted the minutes of the meeting of the Performance Audit Committee of 9 June 2011. Emerging message papers for performance audits will in future include recommendations and the minute had been updated to reflect this.

6. Chair's introduction

In the Chair's absence, the Deputy Chair reported that:

- The Christie Commission report had been published on 29 June and that there would be discussion later on the potential implications.
- Also on 29 June, the Chair, Fraser McKinlay and Gordon Smail had provided a briefing to the Parliament's Public Audit Committee based on the local government overview report.
- On 19 July, he and the Chair were due to meet the Cabinet Secretary for Finance, Employment and Sustainable Growth to discuss scrutiny and improvement of local government and related matters.
- Following a joint seminar with the Improvement Service (IS) in March to promote the first report in the Commission's 'How councils work' series (on roles and working relationships) the Chair's presentation and other related materials had now been published by IS.
- The second in the 'How councils work' series (on ALEOs i.e. arm's-length external organisations) had been published on 16 June. Initial feedback from local government had been positive.

7. Update report by the Controller of Audit

The Commission considered and noted 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:

- that all local authorities had submitted their accounts for audit by the 30 June deadline.
- the Parliament's Health and Sport Committee had started an enquiry into the regulation of care for older people and that there would be links between this and the on-going performance audit on commissioning social care.
- further changes in senior staff in councils and, more generally, the potential risks associated with the high turnover of senior managers across councils.
- current issues at individual councils.

#### 8. Characteristics of effective performance indicators and performance management systems

The Commission considered a report by the Director of Best Value and Scrutiny Improvement seeking its endorsement of the general principles of good performance management and performance indicators.

During discussion the Commission noted:

- improvement is important, but there may be cases where maintaining or reducing services are valid objectives. Measurement is the key issue.
- it is important that the right information is available to the right people at the right time i.e. the level of detail (strategic and operational) and timeliness are important factors.
- more information is needed on costs, to support performance management and to enable the public to make comparisons.
- there needs to be a more explicit link between costs, value for money and outcomes.
- there needs to be more emphasis on the outcome of partnership working and the related impact for individuals.
- the statutory performance indicators should be reviewed to ensure they complement the on-going wider developments and to ensure they are fit for purpose in the current context.

Thereafter the Commission agreed to endorse the characteristics of effective performance information and performance management set out in the report.

#### 9. Accounts Commission engagement with and assurance from the shared risk assessment (SRA) process

The Commission considered a report by the Director of Best Value and Scrutiny Improvement setting out proposals for strengthening the arrangements for providing the Commission with assurance that the SRA process is leading to effective targeting of proportionate and risk-based audit and inspection activity in councils.

In discussion the Commission noted that the Local Area Networks (LANs) provide a good foundation for the proposed arrangements and that further development work would be needed to ensure that external auditors are equipped to comment on performance improvement.

The Commission agreed that annual reports to it on Best Value audit activity arising from the SRA process should include summary information on the performance and results of Audit Scotland's quality assurance arrangements.

Thereafter the Commission agreed to accept the proposed arrangements, subject to review based on experience of how the proposals work in practice.

10. Accounts Commission digest

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

11. Annual report on benefits audit

The Commission considered a report by the Assistant Auditor General on the outcome of Audit Scotland's benefits performance audit work during 2010/11. The report also highlighted possible implications arising from the UK government's proposals for reform of the welfare system.

During discussion, the Commission noted:

- due in part to the need for the unplanned Controller of Audit report on Aberdeenshire Council, nine risk assessments had been carried out by the end of March, seven less than planned.
- the possible implications of the proposed universal credit system for councils, service users and others.
- good practice examples highlighted in the report are disseminated through the networks in which Audit Scotland staff participate.

The Commission expressed continuing interest in the progress of the benefits performance audit work and, in particular, the outcome of the remaining seven risk assessments included in the 2010/11 programme. The Commission also requested the Controller of Audit to monitor developments in relation to the planned reform of welfare benefits and to report back as part of his regular Controller updates.

Thereafter the Commission agreed to note the report.

12. Aberdeenshire Council: Performance audit of housing and council tax benefit

The Commission considered the Controller of Audit's report on the performance audit of housing and council tax benefit administration at Aberdeenshire Council.

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.

13. Aberdeenshire Council: Action on Controller of Audit's report (In private)

Following discussion, the Commission agreed to make findings which will be published in due course. The Commission also agreed, in view of the serious nature of the points raised in the report, to meet with senior officers and elected members of the Council to discuss the findings. The Commission will be represented by the Chair, Depute Chair and the Chair of the Financial Audit and Assurance Committee, along with such other members as the Chair may determine.

14. Performance audit draft report: An Overview of Scotland's Criminal Justice System (In private)

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit *An Overview of Scotland's Criminal Justice System*, prepared on behalf of the Commission and the Auditor General.

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion.

15. Performance audit draft report: Modernising the Planning System (In private)

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit on *Modernising the Planning System*, prepared on behalf of the Commission and the Auditor General.

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion.

16. Strategy seminar 2011

The Commission considered a report by the Acting Secretary and Business Manager inviting it to consider how it wishes to proceed on points arising from its strategy seminar in March.

The Commission agreed: to authorise the Chair and the Secretary & Business Manager to discuss next steps based on the draft action plan set out in the Appendix to the report; and to authorise the Secretary & Business Manager to bring forward a framework under which progress against the agreed objectives can be monitored and reported to the Commission.

**ACCOUNTS COMMISSION**

**MEETING 8 SEPTEMBER 2011**

**MINUTES OF MEETING OF 17 AUGUST 2011**

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Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 110 George Street, Edinburgh, on Wednesday, 17 August 2011, at 1pm

PRESENT: John Baillie (Chair)  
Alan Campbell  
Sandy Cumming  
Colin Duncan  
Jim King  
Christine May  
Bill McQueen  
Colin Peebles  
Graham Sharp  
Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Antony Clark, Assistant Director, Best Value and Scrutiny Improvement  
Russell Frith, Assistant Auditor General  
Gordon Smail, Acting Secretary & Business Manager

1. Apologies for absence

Apologies for absence were received from Mike Ash and Linda Pollock.

2. Declarations of interest

No declarations of interests were made.

3. Decisions on taking business in private

The Commission agreed to take Item 4 in private in order to allow deliberation on a preliminary paper.

4. Supporting better performance within Community Planning Partnerships

The Commission considered a preliminary paper relating to the scrutiny of Community Planning Partnerships and related matters.

The Commission endorsed the overall thrust of the paper and approved its content, subject to consideration of points raised in discussion. The Commission agreed to consider an updated version of the paper by email and to submit any further comments to the Acting Secretary & Business Manager by 22 August.

The Commission authorised the Chair and Deputy Chair to finalise and submit the paper to Scottish Government on its behalf.



**ACCOUNTS COMMISSION**

**MEETING 8 SEPTEMBER 2011**

**REPORT BY THE CONTROLLER OF AUDIT**

**UPDATE REPORT**

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**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. The most recent such report was at the Committee meeting of 12 May, the Committee will next meet on 15 September.

**Local government issues**

3. The Commission on the Future Delivery of Public Services chaired by Dr Campbell Christie CBE, published its report on 29 June 2011. The report contains twenty-eight recommendations, several of which relate to the governance and accountability landscape for public services, including specific reference to the Accounts Commission and Audit Scotland. There is a strong emphasis on community participation and the delivery of improved outcomes through a shift towards preventative action within the report's recommendations.
4. In my update report to the Commission in July I noted that all local government accounts were received by the specified deadline of 30 June, but drew the Commission's attention to issues relating to the accounts for Shetland Islands Council and East Lothian Council.
5. In Shetland, the council submitted revised accounts and working papers which have allowed the local audit team to progress the audit process. In East Lothian, the Council's unaudited financial statements for 2010/11 do not include the police and fire and rescue joint boards as associates in their group accounts. These boards were included in ELC's 2009/10 accounts and are included as associates in all other councils' group accounts. The issue is the subject of continued discussions between the external auditors and the council.
6. At the time of writing, the situation in relation to the Edinburgh Trams project remains very fluid. I will provide a verbal update for the Commission at the meeting.
7. David Hume has left his position as Chief Executive of Scottish Borders Council. The role is currently rotating between the three senior executives on a monthly basis. The Director of Corporate Resources has been appointed as the interim section 95 officer and a new section 95 officer will take up the role in mid-September.
8. Clackmannanshire Council's Chief Executive, Angela Leitch, has been appointed as the new Chief Executive of East Lothian Council with effect from September. She replaces Alan Blackie who has retired. West Dunbartonshire Council is currently in the process of recruiting a new Chief Executive and South Lanarkshire Council is recruiting an Executive Director covering Finance, ICT and Corporate Resources which will be the section 95 officer.

9. Councillor Stephen McCabe has been elected as Inverclyde Council's new Leader. This follows the election of Councillor Iain McKenzie as Inverclyde MP in June's by-election following the death of David Cairns.
10. Members will be aware that investigations are currently underway in a number of councils. These include; Aberdeen City, Edinburgh City Council, South Ayrshire and Inverclyde Council. The local audit teams continue to monitor the progress of these closely. In Inverclyde three of the four officers who had been suspended have returned to work. The Corporate Director, Organisational Improvement and Resources has been dismissed.

### **Parliamentary news**

11. The Scottish Parliament reconvenes in the week commencing 5 September and the legislative programme is likely to be announced that week.
12. John Swinney, Cabinet Secretary for Finance, Employment and Sustainable Growth is scheduled to announce the outcome of the spending review on 21 September 2011. This will include outlining the Scottish Government's response to the Christie Commission.

### **Other issues**

13. On 25 August we published a report on Scotland's public finances –addressing the challenges on behalf of Accounts Commission and the Auditor General for Scotland. <http://www.audit-scotland.gov.uk/media/article.php?id=174>. The report has received extensive coverage in the print and broadcast media.
14. The House of Commons Communities and Local Government Committee report on the proposal abolition of the Audit Commission ('Audit and Inspection of Local Authorities', Fourth Report of Session 2010-12, HC 763) was published on 7 July. On 28 July the Department for Communities and Local Government announced that the Commission would outsource all its in house local public audit work to the private sector in the next financial year. The contracts will start from the 2012/13 audits and last for three to five years, to allow councils time to plan for appointing their own auditors. The outsourcing will also apply to the audits of health bodies and police authorities which are within the remits of the Department of Health and Home Office respectively.
15. The proposals also allow for the possibility of a bid from the Commission's own staff through an employee owned vehicle. However, if the work transfers to private firms then it is expected that staff will transfer under TUPE. Prior to primary legislation being enacted a small residual body will remain to oversee contracts and make appointments.
16. Members will know that the Scottish Government has now published the responses received on the recent consultations on the future of policing and of fire and rescue services. These are available on the Scottish Government website. At the time of writing no formal announcement has been made by the Scottish Government on any decisions taken following the consultation.

### **Conclusion**

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

**Fraser McKinlay**  
**Controller of Audit**  
**31 August 2011**

## **ACCOUNTS COMMISSION**

### **MEETING 8 SEPTEMBER 2011**

#### **REPORT BY DIRECTOR OF PERFORMANCE AUDIT**

#### **THE ROLLING PROGRAMME OF PERFORMANCE AUDITS**

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##### **Purpose**

1. The purpose of this paper is to provide a summary of responses to the Auditor General and Accounts Commission's recent consultation on proposed national performance audits; and make proposals for the joint programme of performance audits that will be published during 2012/13. These proposals relate to the performance audit programme only and do not cover other Commission outputs, such as the 'How councils work' series and audits of best value.

##### **Introduction**

2. The Accounts Commission agreed at its meeting in June that the Performance Audit Committee would consider the results of the consultation prior to the new performance audit programme being considered at the Commission's September meeting. The relevant Committee meeting date is 1<sup>st</sup> September, subsequent to this paper being written, but the Commission meeting will receive a verbal update on the Committee's deliberations.
3. This paper provides:
  - a brief summary of the consultation process and the organisations which responded
  - a summary of responses
  - proposals for the rolling programme of performance audits.

##### **The consultation process and respondents**

4. Stakeholders were consulted on our five overarching themes; ten specific performance audit proposals for 2012/13; and 17 proposals for the rolling programme. They were also asked to identify any gaps. We used:
  - our website with an online form, e-mail address and postal address for submissions
  - meetings with key stakeholders and umbrella bodies for groups of organisations.
5. The consultation period was due to end on 12 August 2011. We extended it to the 26 August to accommodate the Scottish Government as it was focused on the Spending Review in early August and unable to respond within the initial timeframe. Due to this, comments from SG are not included in this paper, although we are confident of receiving them and will update Commission members at the meeting. The Commission will be aware that we now have a permanent invitation for proposals and/or comments on our website.
6. Appendix 1 provides a list of respondents from central and local government and the health sector. Fifty organisations responded through our website and this was supplemented by discussions with a number of bodies, including other scrutiny organisations such as HMIE. We have taken account of comments made in these discussions even where no formal submission was made. In addition, the Audit Commission, Wales Audit Office and the Committee of Public Accounts of the UK Parliament provided their views on the programme and helpfully identified areas where they had completed or planned work in a similar area.

## Summary of responses

7. There was universal support for the five themes and, in the main, support for the proposed topics. The majority of comments focused on the scope and timing of proposed performance audits rather than raising any challenge to their relevance or value. Appendix 2 provides a summary of comments on the individual proposals under each of the five over-arching themes and our suggested way forward.
8. We also asked if there were other areas where we could add value by carrying out a performance audit. In response, there was some interest in audits which followed on from previous work; for example, improving public sector efficiency, the role of boards and some previous health audits were identified as options for follow-up. There was also significant interest in audits which looked at preventative programmes or included preventative elements within them, in line with the recent attention given to this in the Christie Commission report.
9. There were over 30 specific suggestions for other additional audits. They fell broadly into the following categories:
  - areas where we are keeping a watching brief but it is too soon to carry out any specific performance audit work. For example, the transfer of responsibility for prisoner health; health and social care integration; shared services; and a review of the arrangements for restructuring the police
  - issues where we have recently completed audits or are currently working, such as capital funding and combating fraud
  - issues which will be picked up through our programme but would not make good stand-alone audits. For example, managing demand for social housing – a topic which could be covered in our housing overview/affordable housing audit; and the use of severance schemes in the NHS which could be covered in Scotland's Public Finances – workforce planning (SPF3).

## Proposals for the rolling programme of performance audits

10. From our analysis of the formal responses and more in-depth conversations with different parts of the public sector, we propose the following joint Accounts Commission / Auditor General programme (Table 1). For completeness the table provides information on the current Performance Audit programme; the proposed programme for publication in 2012/13; and the areas we will keep in the rolling programme for review against emerging issues.
11. The main differences to the proposed programme following consultation are:
  - repositioning the tackling health inequalities audit as the initial report in a series that identifies key areas of inequality which are then examined in detail in subsequent reports
  - bringing forward the audit on outsourced contracts to the 2012/13 programme (from the rolling programme). This fits with our current thinking - SPF2 highlights that public bodies are looking to outsource more services as their budgets reduce; and we are aware of a few outsourced IT contracts that have failed and are currently preparing statutory (S.22) reports. We will also include some of the major contracts in the e-health strategy
  - starting to work on the SPF3 – workforce planning audit as soon as current data on workforce trends becomes available
  - commencing work on the GP prescribing audit later than originally planned, in May 2012, when new data are available and when any impact of the abolition of prescription charges may be seen
  - moving the audit on trading standards and consumer services from the 2012/13 programme to the rolling programme
  - dropping the community safety/crime prevention and the Scotland rural development programme audits from the rolling programme

## Conclusion

12. The Commission is asked to note the outcome of the consultation process and, subject to discussion at the meeting, approve the programme.

**Table 1: Proposed rolling programme of performance audits**

Current programme <i>(publication 2011/12)</i>	Proposed programme <i>(in proposed order of publication in 2012/13)</i>	Rolling programme <i>(to keep under review)</i>
<b>Community health partnerships (Joint)</b> <i>June 2011</i>	<b>Mergers of public bodies – lessons learnt (AGS)</b>	<b>Charging for services in local government (AC)</b>
<b>Community and patient transport (Joint)</b> <i>August 2011</i>	<b>Health inequalities (Joint)</b>	<b>Climate change duties (to start 2013/14. Builds on project in 2011/12 programme) (Joint)</b>
<b>Scotland's public finances: addressing the challenges (Joint)</b> <i>August 2011</i>	<b>A review of National training programmes (Joint)</b>	<b>Commonwealth Games – 3<sup>rd</sup> position statement (Joint)</b>
<b>Justice overview (Joint)</b> <i>September 2011</i>	<b>Major projects – managing capital investment in local government (AC)</b>	<b>Drug and alcohol follow up (Joint)</b>
<b>Modernising the planning system (Joint)</b> <i>September 2011</i>	<b>Justice - topic to be identified following completion of the justice overview (2011/12 programme)</b>	<b>e-health incorporating telecare (Joint)</b>
<b>Tele-health (AGS)</b> <i>October 2011</i>	<b>SPF3 – workforce planning with reducing budgets (Joint)</b>	<b>Early intervention in improving health (Joint)</b>
<b>Reducing greenhouse gas emissions (AGS)</b> <i>October 2011</i>	<b>Efficiency and effectiveness of clinical services – maternity services or stroke services (AGS)</b>	<b>Housing overview/affordable housing (Joint)</b>
<b>Community Planning Partnerships (using economic development as a probe) (Joint)</b> <i>November 2011</i>	<b>Renewable energy (AGS)</b>	<b>Intervention in early years (Joint)</b>
<b>Commissioning social care (Joint)</b> <i>January 2012</i>	<b>Outsourced contracts (Joint)</b>	<b>Major transport infrastructure projects – watching brief (for example, Forth replacement crossing; Edinburgh trams; Borders railway) (Joint)</b>
<b>Efficiency of clinical services (cardiology) (AGS)</b> <i>February 2012</i>	<b>GP prescribing (AGS)</b>	<b>Mental health follow-up (dementia services) (Joint)</b>
<b>Commonwealth Games – 2<sup>nd</sup> position statement (Joint)</b> <i>March 2012</i>		<b>Support to Small and Medium-sized Enterprises (Joint)</b>
		<b>Sustainability of higher and further education (AGS)</b>
AGS = Auditor General for Scotland AC = Accounts Commission Joint = reports published jointly for the AGS and AC.		<b>Young people leaving care (Joint)</b>
		<b>Trading standards and consumer services in local government (AC)</b>

Notes:

In addition to the above programme an overview of the NHS is published in December each year.

## **Appendix 1: Respondents to the consultation**

Aberdeenshire Council	NHS National Services Scotland
Alzheimer Scotland	NHS Tayside
Anniesland College	North Ayrshire Council
Argyll and Bute Council	North Lanarkshire Council
Audit Commission	Orkney Islands Council
BMA	Perth and Kinross Council
Capability Scotland	Royal Botanic Garden Edinburgh
Cardonald College	Royal College of Nursing
Commission of Public Accounts	Scottish Ambulance Service
Consumer Focus Scotland	Scottish Children's Reporter Administration
Council of Ethnic Minorities Voluntary Sector Organisations	Scottish Council for Development and Industry
East Ayrshire Council	Scottish Council for Voluntary Organisations
East Lothian Council	Scottish Courts Service
East Renfrewshire Council	Scottish Enterprise
Fife Council	Scottish Environment Protection Agency
Glasgow City Council	Scottish Government
HMICS	Scottish Natural Heritage
National Autistic Society	Scottish Wildlife Trust
National Library of Scotland	Skills Development Scotland
NHS Ayrshire and Arran	Social Care and Social Work Improvement Scotland
NHS Dumfries & Galloway	South Lanarkshire Council
NHS Fife	Stirling Council
NHS Grampian	Strathclyde Police Authority
NHS Greater Glasgow and Clyde	Student Awards Agency for Scotland
NHS Health Improvement Scotland	Transport Scotland
NHS Health Scotland	Universities Scotland
NHS Highland	VisitScotland
NHS Lanarkshire	Wales Audit Office
NHS Lothian	West Dunbartonshire Council

In addition to these responses we also spoke to individuals across the public sector as part of our usual engagement work.

**Appendix 2: Summary of comments on proposed programme of performance audits to be published in 2012/13**

Summary of proposals in consultation	Summary of responses	Proposal
<b>Managing reductions in public sector budgets</b>		
<p><b>Learning the lessons of public body mergers</b></p> <p>The Scottish Government has sought to increase public sector efficiency and the delivery of better outcomes through its Simplification Programme launched in 2008. Through a mix of transfers, dissolution and merger, new public bodies now established include Skills Development Scotland (2008), Creative Scotland (2010) and Social Care and Social Work Improvement Scotland (2011). Mergers are also taking place in higher and further education and structural change in policing and fire and rescue services is under active consideration.</p> <p>The merger of public bodies creates the potential for financial savings but mergers must be well planned and managed and the new bodies must be able to demonstrate performance that is at least on a level with their predecessor bodies. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How well have public body mergers been planned and implemented?</li> <li>• Were cost and savings estimates robust and what has been achieved?</li> <li>• Has performance been maintained or improved?</li> <li>• What are the lessons for future reorganisations in the public sector?</li> </ul>	<p>This audit was of interest to a wide range of bodies. Some wanted the audit done urgently; others have volunteered to contribute.</p> <p>A number of consultees made the point that mergers were not the only way of redesigning services and suggested that the scope extend to include shared services, partnership working etc.</p> <p>Other key points raised:</p> <ul style="list-style-type: none"> <li>• Information on the costs of merging would be useful</li> <li>• The audit should also consider other non financial benefits – expectations and achievements.</li> <li>• We should consider workforce engagement; leadership and vision; policy intent; and the impact on legacy bodies as well as other dimensions.</li> </ul>	<p><b>Keep in programme.</b></p> <p>Portfolio manager will consider shared services within portfolio intelligence work.</p>
<p><b>GP prescribing</b></p> <p>Primary care prescribing cost the NHS £946 million in 2009/10 and is one of the most significant cost pressures facing the NHS. The Scottish Government identified reducing costs and improving quality in primary care prescribing as a workstream in the NHS Scotland Efficiency and Productivity Framework, published in February 2011. Audit Scotland has looked at this previously in 1999 and 2003. The 2003 report identified scope for the NHS to make further efficiency savings of around £14 million through improved prescribing and medicines management. Prescription charges have reduced in Scotland in recent years, and were abolished in April 2011. Charges have also been abolished in Wales but they have increased in England, rising to £7.40 on 1 April 2011. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How are NHS boards performing against a range of quality and efficiency indicators?</li> <li>• What is the scope for further efficiency savings?</li> <li>• How does performance against the quality and efficiency indicators compare across the UK?</li> <li>• What impact has the abolition of prescription charges in Scotland had on prescribing rates and costs? How does the trend compare with other areas of the UK with different charging policies?</li> </ul>	<p>Again comments were provided from a range of different organisations. The timing needs to take account of the availability of information and allow time for free prescriptions to bed in.</p> <p>Key points raised if the audit proceeds:</p> <ul style="list-style-type: none"> <li>• Could it look at differences between dispensing and non dispensing practices?</li> <li>• Could it consider who makes the decision when it is time to stop prescribing?</li> </ul> <p>Other suggestions included:</p> <ol style="list-style-type: none"> <li>1) various other topics related to GP behaviour including their role in referring people to hospital; and the GP contract</li> <li>2) Is there anything that we can do on costs of drugs and the licensing of more expensive treatments? How are decisions made to license a drug?</li> </ol>	<p><b>Keep in programme.</b></p> <p>Possibly start audit in May 2012.</p>
<p><b>Scotland's Public Finances 3: Workforce planning in times of reducing budgets</b></p> <p>The Scottish Government's DEL budget will reduce in real terms by 11 per cent in the period to 2014/15, which may result in up to 30,000 public sector jobs being lost. While workforce reductions will help reduce costs, there are risks around the potential loss of key skills and corporate knowledge because of staff leaving; the staff who remain may lack the training and skills to undertake the work of former staff; and morale among remaining staff could be affected by fears of further job losses. This audit would build on <i>Scotland's Public Finances: Addressing the challenges</i>, which will be published in August 2011, to look in more detail at how public bodies are planning for workforce reductions and for managing with fewer staff. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How many jobs have been lost in the public sector since 2010/11 and how many further job losses are planned?</li> <li>• What are the costs and the expected net savings arising from workforce reductions?</li> <li>• To what extent is the reduction in staff numbers driven by longer-term analysis of workforce capabilities and requirements?</li> <li>• To what extent have local authorities used the move to single status to review terms and conditions of employment?</li> <li>• What are public bodies doing to ensure that there is a match between the actual skills and experiences of the remaining workforce and what skills and experiences are required?</li> </ul>	<p>There was a lot of support for this work from consultees across the public sector.</p> <p>Responses indicated an interest in:</p> <ul style="list-style-type: none"> <li>• Developing a flexible workforce / how to alter T&amp;C to achieve this</li> <li>• Impact of workforce changes on user experiences (quality and service delivery)</li> <li>• Effectiveness of redeployment approaches (on outcomes also)</li> <li>• Assessing demand for a national redeployment register</li> <li>• How to deal with a 'no redundancy' arrangement as in health</li> <li>• How to better plan intakes to training to meet demand increases or plug gaps through the use of new technology and approaches</li> <li>• Ensuring workforce plans are linked to business plans and budgets</li> <li>• How to accommodate '1 year' budgets into long term planning</li> </ul> <p>Suggested output included a toolkit. Other suggestion for an audit was the impact of expected reduction in consultants employed in the health service due to tax changes on lifetime earnings.</p>	<p><b>Keep in programme.</b></p> <p>The issue of consultants leaving the NHS due to lifetime earnings, to be considered in the NHS overview report and/or added to Audit Scotland's consideration of risks in the public sector.</p>

<p><b>Efficiency of clinical services</b></p> <p>Audit Scotland published a report on the efficiency of Orthopaedics services in March 2010. This identified significant variation across Scotland and scope to use resources more efficiently and improve how services are managed. We are using a similar methodology for our current audit of Cardiology services and propose to look at another clinical area during 2012/13 – either Maternity services or Stroke services. Both are areas of high activity and spend, and both involve care being provided in both hospital and community settings.</p> <p>In 2009/10, £277 million was spent on hospital maternity services and £40.5 million was spent on community midwifery. There were 110,700 inpatients, 24,000 day cases and 87,200 new outpatient attendances for maternity care.</p> <p>Around 5,000 people in Scotland die from a stroke every year. Stroke is the third most common cause of death and it continues to be a national clinical priority for the NHS in Scotland. In 2009/10, there were 17,184 admissions for stroke with almost half of these being emergency admissions.</p> <p>Key audit questions for a performance audit of <u>either</u> Maternity services <u>or</u> Stroke services could include:</p> <ul style="list-style-type: none"> <li>• What are the objectives for the service and how much is spent on it?</li> <li>• How do strategic plans for the service match projected changes in the population, including the availability of people of working age?</li> <li>• What scope is there to improve efficiency?</li> <li>• Does the service meet the needs of patients?</li> </ul>	<p>Overall comment on this idea was positive. Generally consultees familiar with the orthopaedics audit liked this type of audit. There wasn't, however, a clear preference for either stroke or maternity services.</p> <p>In general the audit should consider outcomes; look at rural v non rural provision and consider the additional benefits of increased spend ie does the cost of a change represent value?</p> <p><u>Stroke</u>; scores well in terms of the prevention agenda and linking to patient pathway. Also demographically, this may be where increased demand will arise. Specific areas of interest are that it would be good to know if specialist units are being used; how well centralisation works; is quality being maintained despite budget cuts; and how are rehab services working? But some work has already been done on strokes.</p> <p><u>Maternity</u>; there are VFM issues here with lots of disparity in provision. If a maternity audit proceeds, it was suggested it cover ante and post natal care and special needs care. However, boards are currently looking for additional funding to support a revised maternity framework, so this may impact on timing and there is work underway on neo natal services. Also, a key issue for maternity services is over capacity which is politically difficult to deal with.</p>	<p><b>Keep in programme.</b></p> <p>Both options were well received and will be developed with further scoping to help choose which to do first.</p>
<p><b>Investment</b></p>		
<p><b>Developing a skilled workforce – National Training Programmes</b></p> <p>Developing a highly skilled workforce that matches the needs of businesses is a priority for the Scottish Government. Despite Scotland's skills base improving considerably in the last 10 years, this has not translated into higher productivity and economic growth.</p> <p>The Scottish Government has emphasised the importance of National Training Programmes (NTPs) in helping to develop an appropriately skilled workforce to support economic recovery. There are four NTPs: Modern Apprenticeships; Get ready for work; Training for work; and Skillseekers.</p> <p>In 2009/10 over £109 million was spent on the four NTPs and the Scottish Government has pledged additional funding to increase the number of training places available. Skills Development Scotland (SDS) oversees the delivery of the four NTPs. The Scottish Government has set a target of 46,500 fully funded training opportunities, including 25,000 Modern Apprenticeships, to be offered in 2011/12. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• What are the aims of the National Training Programmes?</li> <li>• How well are programmes aligned to current and projected growth sectors?</li> <li>• How accessible are the programmes to those with skills needs?</li> <li>• How have National Training Programmes contributed to the national performance framework targets?</li> <li>• How effective have the National Training Programmes been in securing sustained employment outcomes?</li> </ul> <p>The Scottish Government, working with Skills Development Scotland, is currently looking at learning and training for people over the age of 16. The Government has indicated that it will publish proposals towards the end of 2011. We will continue to monitor developments, and will take them into account in any audit.</p>	<p>There was limited comment on this. Points made included</p> <ul style="list-style-type: none"> <li>• The audit should focus on the VFM obtained from these programmes</li> <li>• It could consider the extent to which programmes help disadvantaged young people; and / or disabled people.</li> </ul>	<p><b>Keep in programme.</b></p> <p>Monitor Scottish Government activity and proposals for a review.</p>
<p><b>Major projects – managing capital investment in local government</b></p> <p>Local government capital spending in 2009/10 was around £3.3 billion, including £1.3 billion spent on education services, £500 million on housing revenue account and £470 million on roads and transport. The investment was mainly financed by borrowing (£1.9 billion, including £824 million finance leases and PFI/PPP) and £890 million Scottish Government direct grant. Around another £3.5 billion further investment is expected in new schools and waste facilities, with a significant part to be financed through Non-Profit Distributing and similar projects. This would be the first across-the-board audit of major project investment in local government in Scotland. It would build on previous Audit Scotland reports on major investment. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How well have councils managed recent major investment projects and their delivery to cost, time and quality?</li> <li>• Are councils managing projects currently in progress and the investment programme as a whole in line with good practice?</li> <li>• What level of finance is available to meet investment needs and what are the financial implications of greater use of private finance for schools and waste projects?</li> <li>• What are councils doing to co-ordinate major investment and share skills and experience to promote effective spending and continuous improvement?</li> </ul>	<p>There was interest in an audit that would cover a range of types of investments – ie schools rather than the more one-off type of investment (trams)</p> <p>The audit should consider the impacts of the investments, not just the financing of them.</p> <p>Interest in an evaluation of the role of SFT and HubCo.</p>	<p><b>Keep in programme.</b></p> <p>Could proceed anytime.</p>



Partnership working		
<p><b>Tackling health inequalities in Scotland</b></p> <p>Scotland has poorer health and lower life expectancy compared to the rest of the UK and other Western European countries. Life expectancy has improved in Scotland over recent years but healthy life expectancy is lagging behind. There are significant health inequalities between the least deprived and most deprived areas of Scotland. There are considerable costs associated with poor health and inequalities. The Scottish Government estimates there was around £607.3 million of specific funding for health inequalities in 2010/11. In addition to this, a significant amount of NHS and council spend will be used to tackle health inequalities. In June 2008, the Scottish Government published the Equally Well strategy, followed by an action plan in December 2008. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much is spent on tackling health inequalities and is this value for money?</li> <li>• How effective is partnership working in local areas and leadership by the Scottish Government in tackling health inequalities and improving outcomes?</li> <li>• Are there successful approaches and good practice in tackling health inequalities that can be applied in Scotland?</li> <li>• How do health inequalities vary across Scotland? Is this linked to access to health services, including early intervention and anticipatory care?</li> </ul>	<p>This topic was of wide interest.</p> <p>There was comment that the scope should be wide enough to bring in all factors that affect health (employment levels, education, parenting skills) not just health service provision. And that it should include non public sector initiatives.</p> <p>One local authority hoped that the audit might help them identify short- term indicators on health inequality for their SOA.</p> <p>Another angle of interest is the extent to which boards have the budgets and powers to tackle inequality as budgets have to be used to meet access targets.</p>	<p><b>Keep in programme</b></p> <p>This should be the first in a series of reports. The initial report would be high level and identify other areas of inequality for specific follow up.</p>
User focus and personalisation		
<p><b>Trading standards and consumer services in local government</b></p> <p>Trading standards and environmental health services in local authorities exist to protect consumers. Last year, Consumer Focus Scotland published a report which suggested that there is limited understanding of consumers' experiences of dealing with trading standards services; no effective system to measure the performance of trading standards services; and wide variation in the resources available to trading standards services. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How do local authorities assess consumers' views of their consumer protection services?</li> <li>• What performance information do local authorities have about their consumer protection services and how is performance benchmarked?</li> <li>• Do consumer protection services have the capacity to deliver an effective service?</li> <li>• How much do local authorities spend on consumer protection services?</li> </ul>	<p>A number of local authorities commented that this should be a 'low priority' audit due to the services' lack of public visibility, low budget allocations and reflecting local authority priorities.</p> <p>However one commented that this was a timely proposal and would be helpful if it could be completed this year and Consumer Services Scotland thought this important given 1) the variation across Scotland and 2) UK government proposals to reform some services and change referral methods.</p>	<p><b>Move to rolling programme.</b></p> <p>Portfolio manager will continue to review this subject through portfolio intelligence work.</p>
Environmental audit		
<p><b>Renewable energy</b></p> <p>Scotland has achieved significant progress in increasing its renewable energy capacity and has significantly more ambitious targets than for the rest of the UK. Scotland has had a different incentive system for energy producers (the Renewables (Scotland) Obligation) to the rest of the UK. The scope of an audit could build on existing work by the National Audit Office and potentially cover the Scottish Government, Scottish Enterprise, Scottish Development International, Highlands and Islands Enterprise, Marine Scotland, the Scottish Funding Council and Skills Development Scotland. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much has been spent by the Scottish Government and the public sector on renewable energy?</li> <li>• What progress has been made against the Scottish Government's renewables action plan?</li> <li>• What has been the effect of the Renewables (Scotland) Obligation?</li> <li>• What are the key challenges in meeting future targets?</li> </ul>	<p>There was limited comment on this audit.</p> <p>A few organisations stated that they would like to see more information published on achievements and one commented it would be good to consider the user impacts (on costs) of renewable energy.</p>	<p><b>Keep in programme.</b></p>
Main theme yet to be decided		
<p><b>Justice topic</b></p> <p>Audit Scotland is currently undertaking a high-level review of Scotland's justice system. This overview will identify how much public money is spent on delivering the justice system in Scotland, what this money delivers and where the main challenges are within the system. The report is due to be published in September 2011. One of the aims of the overview is to use the findings to identify specific areas or services where more detailed performance audit work might be of benefit. Following publication, we will bring forward proposals for further performance audit work in the justice sector for consideration by the Accounts Commission and the Auditor General.</p>	<p>An audit on civil justice, including administrative justice, would be useful. This audit should have an inequalities element.</p>	<p><b>Keep in programme.</b></p>

Summary of proposed performance audits to be kept under review in the rolling programme	Summary of responses	Proposals
<p><b>Charging for services in local government</b></p> <p>In 2009/10, councils in Scotland received an estimated £1.1 billion of income from sales, fees and charges. Councils charge for many different services across all their areas of operation. Charges for social work services, such as adult and community care services, generated the largest amount of income in 2009/10 (£246 million). Councils also receive income from most other services including environmental services such as licensing and cemeteries, from users of leisure and cultural facilities and for some education services such as adult and community learning and school meals. Charging has assumed greater importance as councils plan for significant reductions in their other income, such as grant funding from the Scottish Government and council tax revenues. The key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How are charges for services set and to what extent are they based on the unit cost of delivering the service?</li> <li>• How accurate are councils' forecasts of income from charging?</li> <li>• To what extent are councils relying on income from charges to bridge any funding gaps?</li> <li>• To what extent are users' views taken into account when setting charges?</li> <li>•</li> </ul>	<p>There was interest in the subject mainly from local authority consultees. Possible issues include:</p> <p>Do regulatory frameworks hamper effective and responsive charging?</p> <p>How will joined up provision between health and social care affect charges?</p> <p>The perceived lack of transparency, fairness and consistency in how disabled people are charged for care services.</p>	<p><b>Keep in rolling programme.</b></p>
<p><b>Climate change duties</b></p> <p>All Scottish public bodies became subject to climate change duties from 1 January 2011. All public bodies must contribute to reducing emissions of greenhouse gases and to adapting to climate change. The Scottish Government has provided guidance to public bodies on how to implement the duties but has not specified how public bodies should report their performance, nor set targets for public bodies. This audit would complement the current performance audit on reducing emissions of greenhouse gases but should not begin until 2013 at the earliest. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• To what extent are public bodies demonstrating leadership in reducing emissions and adapting to climate change?</li> <li>• What is the performance of public bodies in reducing emissions and what has been the cost of making reductions?</li> <li>• What progress have public bodies made in making plans to adapt to climate change and how they costed these plans?</li> <li>• How effectively have public bodies reported their performance the duties?</li> </ul>	<p>There were several positive comments on this audit, with both SNH and SEPA keen to be involved.</p>	<p><b>Keep in rolling programme.</b></p>
<p><b>Commonwealth Games – 3rd position statement covering legacy issues</b></p> <p>The 2014 Commonwealth Games is a major event for Scotland, involving significant amounts of public money and affecting the country's international profile and reputation. Audit Scotland published its first report on planning for the delivery of the 2014 Commonwealth Games in November 2009. This was the first in a planned series of performance audits, monitoring and reporting on progress. We will carry out a further review of progress in 2011 and, following publication, we will bring forward proposals for further performance audit work on the Commonwealth Games for consideration by the Accounts Commission and the Auditor General.</p>	<p>One comment noted interest in the trickle down effects from these games.</p>	<p><b>Keep in rolling programme.</b></p>
<p><b>Crime prevention/ community safety</b></p> <p>Police forces, fire and rescue services and community safety partnerships are involved in a wide range of different initiatives to reduce crime, including early intervention with individuals who are at risk of committing crime. Previous audit work has demonstrated that there is little systematic evaluation of these initiatives in relation to their comparative cost-effectiveness or the long-term financial and social benefits which could be achieved. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much is spent on crime prevention activities generally and early intervention in particular?</li> <li>• How much is known about the effectiveness of this spend, in both the short and longer term?</li> <li>• What are the most cost-effective approaches?</li> </ul>	<p>One suggestion of interest would be an audit on the impact of crime prevention approaches on young people</p>	<p><b>Remove from the programme.</b></p> <p>Issues could be covered in other specific justice audits.</p>

<p><b>Drug and alcohol services in Scotland follow-up</b></p> <p>The impact of drug and alcohol misuse in Scotland is widespread with Scotland having high levels of drug and alcohol misuse compared to the rest of the UK. In March 2009, Audit Scotland published a report on <i>Drug and alcohol services in Scotland</i>. We estimated that in 2007/08, the public sector spent £173 million on drug and alcohol services. Our report concluded that spending decisions were not away based on evidence of what is needed or what works. We also highlighted the need for the Scottish Government to set out the direction, roles and responsibilities of partner agencies and how performance will be assessed.</p> <p>In May 2008 the Scottish Government published <i>The Road to Recovery: A new approach for tackling Scotland's drug problem</i> and in March 2009, <i>Changing Scotland's relationship with Alcohol: A framework for action</i>. In the last two years, the Scottish Government has also reshaped local partnership arrangements for drugs and alcohol and launched a delivery framework for local partnerships. The Scottish Government has also introduced a new target for access to drug services. A follow-up audit could focus on the recommendations from our 2009 report and at a national level, rather than collecting information from local agencies. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• Are clear national standards and performance monitoring arrangements in place?</li> <li>• Are governance and funding arrangements clear?</li> <li>• Have the new national arrangements been adopted in all local areas and are plans in place to improve services and demonstrate value for money?</li> </ul>	<p>Cabinet Secretary includes alcohol as a health priority. The idea of a follow up report was supported.</p> <p>Could it include children affected by parental substance misuse?</p>	<p><b>Keep in rolling programme.</b></p> <p>Consider dealing with drugs and alcohol separately.</p>
<p><b>E-health</b></p> <p>E-health is the use of information, computers and telecommunications in support of meeting the needs of service users. An estimated £225 million was spent on IM&amp;T in the health service in 2004/05. The strategic spending review noted that the e-health budget would increase from £40 million in 2004/05 to £140 million in 2010/11. The e-health programme, led by the Scottish Government, aims to change the way that information and related technology are used to meet patient needs. Following consultation, the Scottish Government is in the process of finalising an e-health strategy. Given the scale of investment and the continuing focus on improving technology in the health service a review of these schemes may be timely. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much is spent on e-health, including the national programme?</li> <li>• Are plans in place to improve e-health in Scotland and is there evidence of value for money from these schemes?</li> <li>• Are there appropriate structures and systems in place to deliver improvements in e-health?</li> </ul>	<p>No specific comments were received. Some possible duplication with the telecare audit.</p>	<p><b>Keep in rolling programme.</b></p> <p>Combine with telecare audit</p>
<p><b>Early intervention in improving health</b></p> <p>Scotland faces a number of complex public health challenges which affect not only the health of the population but also add to pressure on resources. Evidence shows that early intervention can have a positive impact on improving public health. An audit in this area could usefully focus on obesity which has a significant health and financial cost. The rising prevalence of obesity in Scotland is a serious public health concern and prevalence levels in Scotland are considerably higher than in other European countries. Figures from the Scottish Health Survey show that in 2009 over 26 per cent of men and women were classed as obese. Childhood obesity is also a significant problem. Preventing and managing obesity involves interventions by the Scottish Government, NHS boards, councils and others. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• What are the trends in rates of obesity and related health problems?</li> <li>• How much is spent on obesity related health problems and on early intervention and how effective is this spend?</li> <li>• Is early intervention spend and activity effectively targeted at reducing health inequalities?</li> <li>• How effective are local and national planning, delivery and performance management arrangements for early intervention to tackle obesity and address obesity-related health inequalities?</li> </ul>	<p>Consultees thought there may be links between this audit and the intervention in early years audit. There was some support for these two audits moving forward, given the emphasis on prevention in the Christie report. They were regarded as important – a focus on how to move budgets from current programmed use to intervention programmes would be helpful.</p> <p>Also a suggestion that the early intervention in health audit should not focus solely on obesity and consider physical activity also.</p> <p>Also, malnutrition was identified as a higher area of spend, about which less is known than obesity.</p> <p>Another suggestion was to look at the demand for food services at home and how demands are met.</p>	<p><b>Keep in rolling programme.</b></p> <p>Consider timing so that it can run back to back with the intervention in early years audit.</p>
<p><b>Housing overview / affordable housing</b></p> <p>The budget for housing and regeneration is £393.8 million in 20011/12 – a real terms reduction of 20.5 per cent from 2010/11. Key groups, including representatives from the third sector, have expressed concern about the vulnerability of the housing sector at a time when demand for social housing is set to increase. The housing sector faces significant challenges, including the need to deliver more affordable housing and addressing homelessness. We propose a review of housing in Scotland which may focus on a particular aspect such as affordable housing or may be a more general overview of the sector. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much is being spent and what services are provided by the public sector?</li> <li>• Is there clear leadership and planning at a national and local level?</li> <li>• How is the sector performing and how is it quality assured?</li> <li>• Are local demands for housing services assessed and are needs being met?</li> </ul>	<p>Views were mixed. There was some comment that we have not done much in this area and it was good to see the intent to do this work.</p> <p>One local authority thought the more focused audit on affordable housing was the better of the two, with an emphasis on the assistance provided to families. And another was interested in information on the extent to which providers are making preventative investments in housing stock (which would help retain people in their homes rather than go into care).</p>	<p><b>Keep in in rolling programme.</b></p>

<p><b>Intervention in early years</b></p> <p>There is a growing body of evidence that investing in services for children in the very earliest stages of life can deliver considerable savings to the public purse by preventing negative social outcomes in later life. The cost to the UK economy of continuing to address current levels of social problems is estimated at almost £4 trillion over a 20-year period. This includes addressing problems such as crime, mental ill health, family breakdown, drug abuse and obesity.</p> <p>Significant reductions in public sector budgets coupled with projected increases in demand are likely to make it difficult for public sector bodies to fund extra investment in early years – ultimately leading to further increases in demand over the longer-term. An audit of intervention in early years could map out current spending and what it achieves, and make recommendations about where further savings could be made. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much is spent on early years services (for pre-birth to 3years old)? By which bodies?</li> <li>• How well have public bodies assessed the evidence base for investing in specific interventions?</li> <li>• How well have public bodies worked together to shift investment from care to prevention and what are their plans for future investment?</li> <li>• What savings could be achieved by increasing investment in early years and over what time period?</li> </ul>	<p>SG was identified as doing some work in this area. See other comments above</p>	<p><b>Keep in rolling programme.</b></p> <p>Portfolio manager will keep this under review.</p>
<p><b>Major transport infrastructure projects – watching brief</b></p> <p>The Scottish Government’s capital DEL budget is expected to reduce by 36 per cent in real terms from £3.3 billion in 2010/11 to £2.1 billion to 2014/15, at a time when several major transport infrastructure projects such as the Edinburgh trams project, the Aberdeen Western Peripheral Route, the Borders Railway and the Forth Replacement Crossing are still ongoing. Although we do not intend to undertake a review of the progress on major transport infrastructure projects at this stage, we will maintain a watching brief on these projects so that we are able to respond quickly to issues of public concern should they arise. Key audit questions for each major transport report could include:</p> <ul style="list-style-type: none"> <li>• What progress has been made to date against plans and what is the latest delivery date?</li> <li>• What costs have been incurred to date against budget and what is the latest forecast outturn?</li> <li>• How well are progress and costs being managed so that time and budget overruns are minimised?</li> <li>• How robust are project governance arrangements?</li> </ul>	<p>No comments were received</p>	<p><b>Keep in rolling programme.</b></p>
<p><b>Mental health follow-up – dementia services</b></p> <p>Expenditure on mental health services amounts to approximately ten per cent of the overall health budget and around three per cent of all public spend. In 2004/05, the total cost was estimated at £1,059 million (NHS costs of £966 million and council costs of £93 million). Audit Scotland published an <i>Overview of mental health services</i> in May 2009. There is the potential to add value by developing our previous work in this area by focusing on a specific group of service users. Dementia affects a significant number of people in Scotland and in 2010 there were around 71,000 people in Scotland living with dementia. The number of people with dementia is increasing, because the population is getting older; the number of people with dementia is set to double within the next 25 years. In June 2010, the Scottish Government published a Dementia Strategy and a range of actions are under way to help to improve dementia services in Scotland. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much do services cost and how well targeted are resources?</li> <li>• To what extent are services accessible to patients?</li> <li>• How do service providers ensure a comprehensive range of services?</li> <li>• How efficiently are services provided?</li> </ul>	<p>This is one of the current health priorities.</p> <p>Of interest would be</p> <ul style="list-style-type: none"> <li>• a review of the care provided in acute wards. Should there be special wards for this? Should these patients be admitted in the first place?</li> <li>• have HEAT targets impacted on the availability of services?</li> <li>• or focus on child and adolescent services instead or look at progress in reaching the National Dementia Standard</li> </ul>	<p><b>Keep in rolling programme.</b></p> <p>Need to allow time for dementia strategy to bed in.</p>
<p><b>Outsourced contracts</b></p> <p>A range of public bodies rely on back-office functions that have been transferred to outside service providers through large scale outsourcing contracts. These contracts provide day-to-day support services in information technology and “business transformation” services, all with the objective of maintaining and increasing efficiency and productivity. The contracts may last for many years and involve expenditure of tens of £millions with major providers such as Serco, Fujitsu and BT.</p> <p>An audit could assess the public sector’s performance in managing these complex contracts effectively. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• What are the costs of outsourced contracts across the Scottish public sector and what are the main benefits expected?</li> <li>• How well are public bodies managing their outsourced service contracts against good practice?</li> <li>• Are the contracts delivering the expected benefits within time and cost targets and what is their contribution to efficiency?</li> <li>• What is the effectiveness of the Scottish Government in supporting public bodies to improve contract management?</li> </ul>	<p>Quite a few comments on this and interest in it being brought forward to help with police restructuring and other public sector change.</p> <p>Suggestion that the audit include customer satisfaction; how contracts can be designed to ensure that technology is refreshed and VFM protected and that there can be shared flexible use. A lessons learned report would be good.</p> <p>What contingency arrangements are needed to help with default?</p> <p>Could it also include ALEOs and shared services and compare with hub models?</p>	<p><b>Bring forward to 2012/13, as a replacement for the Trading Standards and Consumer Services audit.</b></p> <p>Consider timing in light of response to forthcoming S22 reports.</p>

<p><b>The Scotland rural development programme</b></p> <p>The Scotland Rural Development Programme (SRDP) is funded by the European Union and by the Scottish Government and represents a total investment of £1.5 billion between 2007-12. In contrast to previous rural development programmes, it aimed to promote economic and social goals in rural Scotland as well as improving the environment through a variety of different funding schemes. The European Commission required a detailed mid-term review of the SRDP in 2010 which concluded that the programme had made significant progress. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How strong are the programme's governance arrangements?</li> <li>• What has been the demand for funding for the various elements of the SRDP?</li> <li>• What was the cost of administering the SRDP?</li> <li>• How has the effectiveness of the SRDP been evaluated?</li> </ul>	<p>One comment stating audit should be delayed until after the programme completes in 2013.</p>	<p><b>Remove from rolling programme.</b></p>
<p><b>Support to small and medium enterprises</b></p> <p>Business Gateway is intended to help new start and existing businesses to grow and prosper through a combination of online support, local workshops, training, impartial advice and specialist advisory services. Responsibility for providing Business Gateway services transferred from Scottish Enterprise and Highlands and Islands Enterprise to local authorities in 2009. Contracts for the provision of Business Gateway services are expected to be re-awarded in 2012. A review of Business Gateway services could look at performance and the quality of service provided following the transfer of responsibility to local authorities. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• What are the costs of providing Business Gateway services?</li> <li>• How efficiently are Business Gateway services provided?</li> <li>• What do users think of the quality of services provided under Business Gateway?</li> <li>• What is the impact of spend on Business Gateway services?</li> </ul>	<p>Limited comment on this audit.</p>	<p><b>Keep in rolling programme.</b></p>
<p><b>Sustainability of higher and further education</b></p> <p>The further education (FE) and higher education (HE) sector in Scotland plays a vital role in supporting economic growth and improving education and financial outcomes for individuals. In 2008/09, Scotland's 43 colleges and 20 universities received a total of £3.4 billion, providing just over 600,000 student places. Scottish Government funding to the Scottish Funding Council, which distributes monies to colleges and universities, has reduced by 13.7 per cent from £1,786 million in 2009/10 to £1,541 million in 2011/12.</p> <p>The Scottish Government proposes to provide additional income to universities from 2012/13 through increases in the level of public funding it provides to universities and increases in the amount and scope of fees charged to other student groups. An audit could examine the current financial health of further and higher education, or focus on one sector alone, and consider action being taken to address future financial challenges at both the national and individual institution levels. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How well is the sector performing against key financial indicators?</li> <li>• What are the risks to the financial sustainability of the sector over the longer term?</li> <li>• How well are individual institutions managing risks to ensure their future sustainability?</li> </ul>	<p>A comment that some work comparing the situation with England would be useful.</p> <p>A few comments that SFC already scrutinises this adequately.</p>	<p><b>Keep in rolling programme.</b></p>
<p><b>Telecare: equipment and services to help people remain in their own home</b></p> <p>Advances in modern technology are having an impact on the quality, delivery and efficiency of health and care services. People who need access to health and care services can benefit from using technology, for example telehealth (this includes routine monitoring of people with long-term conditions and remote clinical diagnosis) or telecare (using technology to support people to live independently in their own home). Telecare has traditionally been used to support individuals with a range of health and/or social care needs to live more independently and remain at home safely. Examples include alarms and devices that trigger a response from a call centre, such as falls monitors and motion sensors. These services have been mainly led by councils.</p> <p>In October 2011, Audit Scotland will publish a report on telehealth. A review of telecare could build on this work and make recommendations to inform the future development of telehealthcare, which brings together telecare and telehealth. Key audit questions could include:</p> <ul style="list-style-type: none"> <li>• How much is spent on telecare?</li> <li>• To what extent has telecare been rolled out across Scotland?(This could include assessment of the variation in approach across Scotland, issues around leadership and direction and examples of impact from the rest of the UK and from overseas)</li> <li>• How effective is spend on these services?</li> <li>• What is the impact of spend on telecare? (including reductions in emergency admissions)</li> </ul>	<p>There was support for this audit and a suggestion it is brought forward as an audit that focuses on prevention.</p>	<p><b>Keep in rolling programme.</b></p> <p>Combine with ehealth audit.</p>

**Young people leaving care**

Young people leaving care are among the most vulnerable groups in society and are more likely to experience a range of challenges in adult life, such as homelessness and mental health problems, than those with no care background. Many young people leave care at 16 and local authorities and their partners provide a range of 'throughcare' and 'aftercare' services to help them make the transition from care to independence and improve their life chances. 3,452 young people were reported to be eligible for aftercare services in 2009, with support including finding accommodation and employment or training, budgeting, and other independent living skills.

In September 2010, Audit Scotland published a report on *Getting it right for children in residential childcare*. A review of services for young people leaving care could build on this work and consider how well public bodies are working together to improve outcomes for young people leaving care. Key audit questions could include:

- How much do services for young people leaving care cost?
- How effective are these services in improving outcomes?
- How well are services targeted towards young people's needs?
- How efficient are services for young people leaving care?

An audit would be good if it looked at costs, quality and effectiveness; integration to social inclusion and economic development programmes; leadership; visibility; outcomes and investment adequacy.

**Keep in rolling programme.**

## **ACCOUNTS COMMISSION**

### **MEETING 8 SEPTEMBER 2011**

#### **ACCOUNTS COMMISSION DIGEST**

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##### **Introduction**

1. This digest is intended to provide Commission members with background information that may be of interest.
2. This month the digest includes:
  - Further details on government activity of interest to local government
  - An outline of recent media coverage of relevance to the Commission
  - Recent publications of interest
  - A note of forthcoming conferences which may be of interest to members.

##### **Parliamentary and government activity**

3. 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 matters.
4. The Scottish Government is consulting on the **Scottish Social Housing Charter**: the document contains numerous Audit Scotland and Accounts Commission mentions, and cites the Accounts Commission amongst the project's stakeholders.
5. Parliamentary responses:
  - The Cabinet Secretary for Infrastructure and Capital Investment said that the Scottish Government will develop the **Community Empowerment and Renewal Bill** through a wide ranging dialogue with communities from across rural and urban Scotland and with the public, private and voluntary sectors. Initial policy proposals relating to the Bill will be published later in the year.
  - The Finance Secretary said that the Scottish Government intends to publish a National Planning Framework Monitoring Report after the summer recess and an announcement on the revision of the **National Planning Framework** will be made at that time.
  - The Cabinet Secretary for Parliamentary Business and Government Strategy said that the Scottish Government consulted on extending the scope of the **Freedom of Information (Scotland) Act 2002** last year. The government is not persuaded that it is at present appropriate to formally extend coverage. The government intends to defer further consideration of extension until the proposed amendment bill has been considered by the Scottish Parliament.
6. Westminster's Treasury Select Committee has published a report on the **Private Finance Initiative (PFI)**, concluding it offers poor value for money and is no more efficient than other borrowing forms. The report also condemns the practice of not declaring money owed on PFI contracts in government debt calculations, with PFI liabilities only published for the first time last year.

7. The Office for Budget Responsibility's (**OBR**) **first fiscal sustainability** report warned that the UK's ageing population will lead to increases in health spending. State pension costs are also predicted to rise and the cost of social care is to rise. The OBR said "fierce" spending cuts or high tax rises should be implemented over the next 50 years to offset the impact of the UK's increasingly elderly population.
8. The Finance Secretary announced a **£7 million support package for Scotland's voluntary sector**. Scotsman, P&J 19 July

### Other issues

9. **COSLA** commented on **police and fire and rescue reform**:
  - In response to the Scottish Government's outline business case for police reform, President Pat Watters said more "hard evidence" is needed before any changes are made and criticised the lack of data on "*costs, performance standards and public perception*".
  - Stated that the cost of moving to a single police force was likely to be 150-200% more than stated. A Scottish Government spokesperson said: "... *The projected long-term savings under a new structure are up to £154m a year, every year.*"
  - In response to the Scottish Government's draft outline business case for fire and rescue reform Pat Watters said: "*Tying people up in an unnecessary centralisation exercise, designed it would seem to cut fire stations and fire fighters is indefensible, when there is a better, evidenced case for a regional model that protects those same fire fighters and stations, and saves pretty much the same money.*"
  - The Community Safety Executive Group put forward *unanimous support* for the regional Fire and Rescue model put forward by the Chief Fire Officers Association Scotland and the Scottish Fire Conveners Forum.
10. The Educational Institute of Scotland (EIS) expressed concerns regarding the "potential conflict" between **Education Scotland's** dual role in inspecting schools and developing the curriculum.

### News summary 6 July – 22 August

11. There has been coverage in the last two months of the following Accounts Commission reports:
  - **Aberdeenshire benefits service**: The council say they have enhanced the service, are doing all they can and have not let people down. Audit Scotland commented on the impact on people claiming benefits, the need for councillors to hold officers to account and that the Commission sees this as a serious issue. BBC North East radio. P&J, BBC website. Mention of **Aberdeen City** hearing: Accounts Commission has since praised the authority for improvements made. Evening Express 19 Aug
  - **Strathclyde Police Best Value**: Budget cuts could result in forces pulling more officers off the streets to carry out backroom office duties." P&J 15 July, Evening Telegraph 20 July, Courier 22 July/ Strathclyde Police Authority has been told to raise its game. The police force performs well. Evening Times. / Brief item on the Authority, Herald 14 July/ Strathclyde Police perform a good service but there is room for improvement. Real Radio / Complaints under



recorded. PA news 13 July, Times, Courier 14 July/ STV, Glasgow South Extra. Strathclyde police have under recorded complaints. The force is performing well but failed to record complaints properly. / Strathclyde Police force is performing well and the public are receiving a good service. More officers are working directly with their local communities. However, the way the force handles the administration of complaints was criticised. Reporting Scotland 14 July

- **Shetland:** Councillors approved a range of new policies aimed at improving the way the SIC communicates with the public, the media and its own staff. The new strategy was prompted by criticism from a report by the Accounts Commission last year. Shetland Times 15 July
- **Roads:** Mentioned in coverage of call from the RAC Foundation for a rethink on congestion charging in order to address Scotland's growing backlog of road repairs. Herald 1 Aug/ a working group set up by Transport Scotland has been asked to consider whether health funding could be used to improve the condition of roads. Herald 9 July
- **Children in residential care:** Editorial comment: "As local authorities wield the knife over their budgets, every council department and outside body which provides services under contract is lobbying for retention. An audit report found that councils tend to spot-purchase places on a last-minute basis. "Herald 25 July/Article: An unprecedented coalition of private and voluntary sector groups working with children in care has been formed to fight for better services. The Scottish Children's Services Coalition warn that spending cuts are threatening vulnerable children. They have sent briefings to MSPs, councils and Scottish Government officials. Herald 25 July
- **Community transport:** The NHS is wasting tens of millions of pounds each year on a flawed and 'uncoordinated' transport system, Daily Mail, Scotsman, P&J 4 Aug/ Arrangements for transporting people to hospital need to be shared. £93 million budget could be cut if services shared. BBC Radio Scotland 4 Aug/ Central FM & other coverage
- **Concessionary travel:** in connection with coverage of four-year delay in introducing fraud management systems to combat abuse of free bus travel scheme for elderly and disabled people. Has cost the taxpayer up to £100 million. Herald 9 Aug. Daily telegraph 10 Aug, Evening Times, Herald 10 Aug

### Other news issues

12. Further references to the **police and fire and rescue restructuring** debates include:

- The **Sunday Herald reported (14 Aug) that Scotland's eight police forces are to be merged into a single national service.** Councils provide half the £1.4bn budget for the police and favour the current set-up remaining unchanged. The policy will be announced after the Government announces its legislative programme on 7 Sept. Senior police officers have already been informed. Scottish councils say a rushed and costly merger could lead to fewer police on the beat. The Sunday herald has seen the **draft business case for the single force** (produced earlier this year). Would cost around £207 million to deliver over five years but save £390m over the same period, and save £1.9bn over 15 years. Costs would include £80m of redundancy payments in the first five years then a lowering of wages by £47m and £66m for officers and support staff respectively. / Scotland's eight police forces are to be merged into a single national service. Daily Mail, Star, herald, Record, P&J, Courier 15 Aug/ SNP ministers will decide this month the future structure

of Scotland's police service, having ruled out any possibility of retaining the existing eight forces . Times 3 Aug

- According to the Justice Secretary, senior officers will continue to set local priorities no matter what decision is made on the shape of policing in Scotland. Scotsman, P&J 26 July
- The Chief Constable of the new national Scottish police force will have to report to MSPs at least once a year to explain the work of the organisation. Sunday Herald 21 Aug
- "A new national police force could badge patrol cars with the name of their local town or city, Scotland's leading officer has suggested, in a bid to dampen concerns that the move will centralise policing." This is about comments from Stephen House. Scotsman 19 Aug
- Two Sunday Herald articles argued the case for the single force (by a senior research fellow from the Centre for Criminal Justice and Police Studies, Univ of West of Scotland) and Pat Watters, COSLA – case against – he says it would be a "superquango" and says the emphasis should be on preventative policing and given that progress is being made with this, it shouldn't be put at risk by a merger. Sunday herald 14 Aug
- **COSLA said the government has stifled debate and discussion on the future of the country's eight police forces. The government said it has already consulted widely and will bring forward legislation after the summer.** BBC 22 Aug/ Plans for a single police force amount to little more than a "centralised power grab" and the merger would cost £230 million according to COSLA. P&J 27 July
- The **Retired Police Officers Association** is concerned that local accountability and decision making would be lost. P&J 12 July
- Responses to a consultation on police reform in Scotland have indicated support among several key partners and stakeholders, including the **Association of Scottish Police Superintendents and the Serious Crime and Drug Enforcement Agency (SCDEA)**, for a single force model. Police professional
- Plans to merge Scottish police forces could be compromised if Stephen House gets Met job..Sunday Post 21 Aug
- Article from **Deputy Chief constable, Lothian & Borders**, in support of the single force model. Scotsman 19 July
- First of three essays written at the Strategic Command Course 2011. This one is on restructuring the Scottish police and accountability. Quotes Audit Scotland. Police Professional
- Article by **Jim Gallagher – former head of Scottish Government's Justice department** – he says the one police force option has too many drawbacks, the SNP can push through reform but its goals need to be clearer and the means acceptable to all. He says the governance and accountability is a 'yawning gap' with the assumption that it will be bolted on later, however governance is especially important for the police because of the powers they have and the discretion they exercise – their decisions need to continue to secure the support of the public. He also says the costs savings are unclear. Scotsman 14 July/ Jim Gallagher promotes a three-force structure for Scotland's police forces as a more efficient and less logistically challenging alternative to the single-force model. Scotsman 5 Aug
- Justice Secretary Kenny MacAskill is to visit Grampian police as part of ongoing research into the effectiveness of the single-force proposal, where he is likely to meet resistance to the plans. Evening Express 22 July

- **COSLA** is concerned that up to 1,500 firefighters could lose their jobs under plans to merge Scotland's eight brigades into one. Daily mail, P&J 19 Aug
- The plan to replace 46 fire and rescue service's local control rooms across England with nine purpose-built regional control centres, linked with a new IT system, has been described by the **National Audit Office** as a 'comprehensive failure', mainly because of the attempt to impose a national control system without properly consulting local fire services . Guardian 6 July

13. Other **police and fire and rescue issues** include:

- A number of Scottish police forces have been criticised after "shortcomings in complaints handling" were identified by the **Police Complaints Commissioner for Scotland**. Police Professional
- New figures released by the **Association of Chief Police Officers in Scotland (ACPOS)** show that policing performance in Scotland has never been better. Police Professional/ Figures taken from the annual reports of six Scots police forces and statistical bulletins produced by the other two, reveal recorded crimes dropped by about 15,000 in 2010-11, compared with 2009-10.Scotsman, Evening Times
- Police from Scotland have been sent to England to help combat riots and disorder in cities across the country. Equipment and vehicles, as well as extra manpower, were being sent from all eight of Scotland's forces. BBC 11 Aug/ Efforts are continuing to ensure Scotland is prepared for any copycat disturbances. The Scottish government said it was monitoring any possibility of unrest and working closely with police forces, the Crown Office and local authorities. BBC 15 Aug, 10 Aug/ England: continuing extensive coverage of the riots and analysis of what prompted them. 20/21 Aug
- Scottish police patrolling English cities could become routine if Coalition Government cuts go ahead" Planned budget cuts of 20% proposed in England, chair of the **Scottish Police Federation** said English forces may regularly call on Scottish forces for back up. Police Review magazine says there seems to be no particular plan for how English forces will manage with the cuts. Sunday post/ The Scottish Justice Secretary has dismissed fears that Scottish police may be routinely deployed to help English forces. Times 15 Aug
- **Strathclyde Police chief constable Stephen House** is one of four candidates in the running for the job of Metropolitan Police Commissioner, and reported to be the frontrunner. The Home Office asked him to apply for the job. Merseyside police chief constable and acting Met deputy commissioner Bernard Hogan-Howe is believed to be the government favourite. He used to be with HMIC. The ACPOS president is also one of the four. Shortlisting is due to take place within days and interviews will be within the next fortnight. Extensive coverage 16 Aug onwards, Scottish & English media/ Stephen House (Strathclyde Police) emailed staff to confirm he applied to become the new head of the Metropolitan Police. He said that throughout his time at the force he had always talked about retiring from there. But the circumstances of the Met job arising were unexpected and unfortunate and it was only because of extraordinary circumstances that he put in his application. The **Strathclyde Police Authority convener** said it was good that House's positive work with Strathclyde is being recognised, and he's done a good job. Asked what it would mean for the force if House left Curran said "We can cross that bridge when it comes" and said that all police chiefs

and forces could be facing uncertain futures if the single force merger goes ahead. Herald 19 Aug

- Firefighters in Fife can no longer guarantee public safety, the **Fire Brigade Union** has claimed. Budget to be cut by 16% over next four years. Courier 6 July
  - New figures show that the number of front-line firefighters in Fife has been cut in recent years. Courier 7 July/ Scots firefighters were among the hardest hit in the first round of job cuts, union officials claimed yesterday. Metro 12 July
  - **Strathclyde Police's HQ** has been put on the market for £2.5million. It cost £3.7million annually to run, so the force intends to invest in a new £38million base, with projected running costs of £2.4million a year. Evening Times
  - **Lothian & Borders**: saved more than £1million from the force's overtime bill. Evening News
  - A special meeting of **Grampian police** chiefs is due to debate staff terms and conditions. About £10m needs to be cut from the wage bill and jobs may have to be cut to make up the shortfall. P&J 29 July, Evening Express
  - Unions say police boards are using "bully-boy tactics" in negotiations over pay cuts for civilian staff. Scotsman 3 Aug
  - An assistant chief constable of **Central Scotland Police** has been paid almost £100,000 to sit at home for more than a year as an investigation into complaints continues. Daily mail, herald 29 July
  - Violent crime in the Kingdom has risen by more than a third over the past year, according to **Fife Constabulary**. Fife Leader
14. There was coverage of the Scottish Government's plans for **corporation tax**: Long-awaited plans for cutting the overall rate of corporation tax in Scotland set out- but backed away from a commitment to reduce it to 12.5 per cent, as had been widely predicted. Times, Scotsman, Herald, P&J 17 Aug/ P&J, Scotsman 16 Aug and other coverage.
15. An article in the Herald suggested that SPT will be abolished: SPT: faces the prospect of abolition under a review of public-sector agencies prompted by the Christie findings, according to a Government source – who also says the body has 'major problems with governance'. Reference to "reports from watchdogs". Front page article & editorial. Herald 19 Aug
16. Articles about **leadership/ workforce**. Including:
- Advertorial (*this term refers to a feature which is really a paid for advert*) in the recruitment section on the search for a new chief executive for West Dunbartonshire. "...the council certainly presents challenges but the light at the end of the tunnel is clearly visible as a result of assiduous work by the current management team and elected members. Earlier this year **Audit Scotland** gave a positive view of the organisation. Paraphrasing its findings it stated "West Dunbartonshire Council has continued to make progress on its strategic priorities and deliver a range of high quality public services. There have been...indications of improvements to the budgeting process. All of this indicates improvements in leadership and strategic direction." Also says a settled leadership is in place and the council has never been in better financial health. Herald 15 July, Municipal Journal/ A councillor has announced that he is stepping down, following disputes regarding the leader, whose leadership was praised by **Audit Scotland**. The Lennox/ The council

leader has defended the local authority's performance, claiming an **Audit Scotland** report had earlier praised the council for making continued progress on its strategic priorities and for delivering a range of high-quality public services. Herald 9 Aug/ The chief executive has announced he will not be renewing his contract and will retire later this year. He has had a five year tenure overseeing a period of change 'bouncing back from criticism and seeing the council receiving a series of favourable reports from official auditors. It had earlier been condemned by the **Accounts Commission** for its failure to get to grips with problems with leadership, political conflict and finances." In 2009 David McMillan put in a retirement request but withdrew this amid claims he had failed to secure the retirement package he wanted. He says he has enjoyed his time at the council and is proud to leave it in the best financial shape ever with reserves exceeding targets. Herald 8 July/Feature on David McMillan's retirement. Photo caption says 'his performance was described as exceptional in a recent council report'. The Lennox

- Interview with East Lothian Council's Chief Executive Alan Blackie who is set to retire next month after a local government career spanning 40 years. He says a **Best Value Audit** for the council has been put back by **Audit Scotland** for a year because they're satisfied we're doing most things right although there are always things to improve." He mentions shared services with Midlothian. And says he is planning to do some work with Solace Enterprises. East Lothian News 22 July
- Scottish Borders chief executive has announced his retirement. He is currently on sick leave and not expected to return. He says the programme of change and improvement implemented over the past nine years has transformed the council and the quality of life in the region. The council leader said "He leaves a council that is in strong heart and which has been transformed under his leadership." Special council meeting on 21 July will initiate the recruitment process. Directors of social work, resources and education and lifelong learning will fulfil the chief executive role in the interim on a monthly rotation. Hawick news/ Southern Reporter/ Peeblesshire News
- Interview with Edinburgh Council leader Jenny Dawe, about her life before politics, her current role and why she wishes to continue well beyond retirement age. Will stand in elections next year. Also mentions the Gathering evidence sessions. BBC website 22 Aug/ Edinburgh: The Evening News reported that Jenny Dawe is preparing to leave her post. She was quoted in the paper saying "Five years is probably enough". However the BBC reported that she says she is not about to quit. BBC 12 Aug
- First Minister Alex Salmond led the calls for a speedy recovery for Dundee City Council leader Ken Guild after he suffered a stroke last week. He was allowed home the next day and gave an interview to the Evening Telegraph about it. Courier 18 June/ Evening Telegraph 17 June
- Hundreds of council employees are still waiting for pay claims to be settled - 12 years after a fair pay scheme was agreed, forcing East Dunbartonshire to borrow more than £2,7million to settle the claims. Kirkintilloch herald 20 July
- Shetland Islands Council is to advertise nationally for a new director of infrastructure services after deciding against giving the post to Gordon Greenhill, who had been executive director of infrastructure services under the previous management set up. Shetland Times
- North Ayrshire Council has appointed Laura Friel as its new Corporate Director of Finance and Infrastructure. Largs & Millport weekly news

- South Lanarkshire Council last week advertised for a new director of finance and corporate affairs. The two departments, are due to merge under a shake-up of the council's structure. Hamilton Advertiser 14 July
- Eight of Shetland Islands Council's senior staff including depute chief executive Hazel Sutherland are to quit the new regime by taking voluntary redundancy or early retirement. Shetland Times 8 July
- Highland: Vacant jobs in education, culture and sport are set to remain unfilled as the council continues with its effort to save £59 million over three years. Inverness courier
- Fife Council is to cut around 80 management posts in a move which will save £3.2 million a year. Courier 12 July, Dunfermline Press
- North Ayrshire: A group representing older people in Irvine have hit out at the early retirement deals offered to high earning council managers. Irvine Times 13 July
- Dumfries & Galloway: Ten top council officials were paid nearly £1 million collectively Annandale Observer/ Living Wage scheme that would see 818 council employees receive a pay rise will be considered tomorrow. Annandale herald 14 July
- City of Edinburgh and Renfrewshire are advertising for 'axemen' to cut jobs - spending £35,000 in fees to recruitment specialists. Daily mail 12 July/ Plans by Aberdeen City Council to recruit external consultants at a cost of more than £500,000 to help deliver £120 million in spending cuts over the next five years" Scotsman 21 July, Evening Express 20 July, P&J 20 July
- Aberdeen City leaked memo from the city council's early years manager raised concerns about the authority's decision to cut two thirds of staff in communities team and moves to change the management model of all local centres. P&J 15 July
- Jobs will go at Inverclyde Council whether or not it joins a new group to share services, the local authority's leader said today. Greenock telegraph 9 Aug
- Aberdeenshire: "Unions demanding to know why the council is carrying on with job cuts - despite savings of £11 million in the past year. " Evening express
- Aberdeen City Council spent more than £40million on consultants and agency staff in the last four years. P&J 16 Aug
- Although Edinburgh City Council sickness absence average remains 2.6 days lower than **Audit Scotland's** national average of 11.6 days per annum, it is estimated to have cost the council the equivalent of £70million between 2005 and 2010, prompting plans for a crackdown. Evening News 23 July
- Councillors have expressed concern at the £3.5million lost to Argyll and Bute Council in the last financial year through staff sick days. P&J 12 Aug.
- West Lothian Council workers took 16300 fewer days off sick in the past year than in the previous 12 months. The drop in the number of staff missing work through illness is equivalent to the work of 72.5 full-time staff. West Lothian Courier
- An FOI request by the Scotsman shows 17m days work have been lost in the public sector over the past five years, costing £17m and leading to more than 3,500 disciplinary cases last year. The number of sick days fell from 3.9m to 3.2m in the last year, with the estimated cost falling £8m to £148m. Scotsman 12 July
- Fraud and theft cost South Lanarkshire Council more than £750,000 last financial year. Hamilton Advertiser/ Nine South Lanarkshire Council employers were subject to disciplinary action during 2010-11 following five separate investigations. Rutherglen Reformer

- A trade union has accused Highland Council of "gross incompetence" because the local authority has overpaid home carers several times in the past few months and is now clawing the cash back. P&J 7 July
- The former head of Glasgow's Commonwealth Games took free gifts and hospitality from a global finance firm reportedly linked to his sudden resignation. Herald, Daily telegraph, daily express, Sun, Record, Daily Mail, Scotsman 14 July/ The Glasgow 2014 team has revealed details of its gifts and gratuities register following the resignation of Chief Executive John Scott last month. Mr Scott accepted 21 hospitality offers including trips to Wimbledon, the Open and the T in the Park, but the register does not clarify which offer was accepted and not declared. BBC 15 July
- The EHRC has called for an increase in the number of women in positions of power in Scottish public life as new figures show little improvement in gender diversity in parts of the public sector. Women were appointed to 198 of the 614 public appointments to boards and committees. Herald 17 Aug

17. Articles relating to the **Clyde Valley review** and other **shared services and redesign initiatives**:

- Plans for the reform of the public sector across the west of Scotland have been dealt a blow, with a second council - West Dunbartonshire - expected to reject merging thousands of backroom staff. The Clyde Valley Review is headed up by West Dun. A motion to withdraw will be presented within the next fortnight. Concerns about job losses and service risks – they also say it has no prospect of success within the given timescales. The deputy leader has said that the merger “would not be in West Dunbartonshire’s interests at this time.” Herald 18 Aug
- The Review has been criticised for not knowing how much has been spent on consultants so far in developing the proposals. New figures produced by Glasgow show it could lose as much as £12 million over three years from its involvement, savings will only kick in after a decade. Senior politicians and officers involved in the Review are privately voicing fears that any savings will leave in reductions in funding from the government. The Centre for Scottish Public Policy says that plans to overhaul public services in the west of Scotland are set aside until after the next elections in view of questions regarding spending and potential future losses.” This week advanced plans for a new standalone body for back-office services across the region were announced. North Lanarkshire, Renfrewshire, East Renfrewshire, Glasgow, Inverclyde, East Dunbartonshire, West Dunbartonshire taking part (South Lanarkshire walked away from it) - could save £30m per year, although Unison cast doubt on “ Inverclyde’s capabilities to produce a robust business case citing the fiasco surrounding the collapse of the council’s own savings project”. Job losses also an issue. Herald 13 Aug
- East Dunbartonshire Council hopes to take part in a multi-million pound plan to merge thousands of staff across councils in the west of Scotland.” Milngavie & Bearsden Herald 12 Aug/ Renfrewshire’s two local authorities have teamed up with five others to save £155million by sharing admin services. Renfrewshire World 12 Aug/ Plans for shared services between seven West of Scotland councils have been revealed after an FOI request from the public sector union Unison. They say up to 3400 employees may be pooled in as part of the Clyde Valley reform programme, which could save £30m. Herald 10 Aug/ Taxpayers could be saved around £30m a year if an ambitious plan to share services by seven Scottish councils is adopted; the

- councils involved are North Lanarkshire, Renfrewshire, East Renfrewshire, Glasgow, Inverclyde and West and East Dunbartonshire. Daily Express 9 Aug
- A major step forward has been taken towards Midlothian and East Lothian councils sharing education and children's services. The local authorities have agreed in principle to develop shared arrangements for delivering support services in education and children's services. The decision, taken at separate meetings of each council last week, follows a seven-month project supported by the Scottish Government to develop a business case for the shared service. Midlothian Advertiser 9 July
  - Calls from the public to Falkirk council could be handled by the police. Central Scotland Police is already providing an out of hours service for Clackmannanshire Council, and Falkirk is considering doing the same. Grangemouth Advertiser 27 July/ Phoneshare scheme to save Clackmannanshire Council £80,000. Alloa Advertiser
  - Opinion article by journalist Peter Jones: "Campbell Christie's commission on public services did an excellent job on describing what these should look like, but ducked the equally important question of how we might get them." Talks about the difficulty of auditing outcomes, with reference to Audit Scotland's reports. He says politicians and to some extent the media are fixated on measuring inputs. Scotsman 12 July
  - Cosla said it isn't convinced that breaking up Highland Council into three or four district organisations was the way forward. MSP Dave Thompson had advocated the move in his Christie Commission submission as a means to maintain local accountability for services. Cosla said restructuring has been proved to be costly, high risk and frequently reduces rather than adds value - There have been 20 structural reforms in the UK since 1980 and none have been delivered in the timescales or costs originally suggested. P&J 7 July
  - Aberdeenshire Council pulled out of talks to form a unitary education body between Moray, Aberdeenshire and Aberdeen City Councils. It is claimed that this move could have saved £5 million. Aberdeenshire says no meetings on this have been held since April last year. Moray Council's deputy convener made a submission to Christie about 'frustration' at the lack of cooperation. Evening Express
  - Opinion article by Brian Monteith (now policy director of Thinkscotland.org) arguing for greater localism, giving more power to Scotland's community councils such as local planning decisions, licensing hours, speed limits. He says the Christie Commission wasn't radical enough in saying that the SNP government should "explore the potential to significantly improve community participation and design of public services' in its forthcoming Community Empowerment & Renewal bill and that Scotland is 'trapped in its managerial culture hemmed in by a civic society that speaks to itself and cannot stomach change unless it strengthens the hold of the managerial class'. He says devolving powers to community councils would result in savings both in running services and in contracting services locally. Scotsman 11 July
  - A new £2.65 million child protection unit has been set up in Kings Cross Hospital, Dundee. It is hoped that the unit will help to improve child protection services in the area by fostering greater communications between Dundee City Council, NHS Tayside and Tayside Police. Daily Express 16 July
  - Edinburgh city council voted to go ahead with its secondary schools management restructuring process, will save £2.4 million. Queensferry gazette
  - "Scottish ministers have ramped up their efforts to increase third sector involvement in public services with a £7m package of measures aimed at making charities and social enterprises more business-like" Public Finance



- Councils could be using the national network of over 1400 post offices to deliver more frontline services for communities according to a Consumer Scotland report. Herald 12 Aug
  - English councils could save tens of millions of pounds from sharing their property, according to early results from a Local Government Association pilot. Public Finance
18. Articles relating to the **Edinburgh Trams** Project include:
- Edinburgh's revised tram project is expected to cost an extra £90million, bringing the total trams budget to £1billion. Loan repayments are to begin at an initial £15.3million a year. Daily Express, Herald, Scotsman, Record, Courier, Daily Mail 20 Aug, Scotland on Sunday, Evening News, Sunday Herald, broadcast coverage/ Editorial piece on Edinburgh's tram project. Herald 20 Aug/ The estimated cost of partially completing Edinburgh's troubled tram project has risen to more than £830 million, according to a report due to go before city councillors. Times, Sun 22 Aug/ The price tag for Edinburgh tram project is expected to be over a billion pounds and over £200 million will need to be borrowed. Lesley Hines, Edinburgh Council interviewed. In 2007 **Audit Scotland** put forward a report and gave the project a clean bill of health. For the past four years the project has been mismanaged. BBC radio Scotland
  - Finance from overseas firms could be a possible funding avenue for completing the route of the trams project. Scotsman 6 July, Evening News
  - Over the last three years, TIE spent over £900,000 on public relations and over £5 million on lawyers. The Deputy leader of City of Edinburgh Council, Steve Cardownie, said the figures should be investigated. Scotland on Sunday. Evening news, Times 13 July/ Around 50 of TIE's 65 to 70 staff are pursuing voluntary redundancy deals as fears over the project's future continue. This comes as TIE has stated that it plans to lose half its workforce to cut costs. Sun, Herald, Record 9 July
  - TIE has spent £38 million in the past two months without having the funding in place to complete the project, Herald, Scotsman 1 Aug/ Unite union leaders have reminded Edinburgh City Council of their promise not to sell Lothian Buses, despite projections that such a sale could generate the £170million needed for the Edinburgh trams. Evening News/ The trams project director has quit his post. Edinburgh City Council prepares to hand control of the project over to the contractor, as the cost of the trams reaches £478million. Sunday Express, Sunday Herald 31 July/ Former head of the tram project has been criticised for trying to block details of the pay deal he received after leaving his role. Herald, Scotsman, Record, Evening News 19 July/ £3,000-a-day bill for a consultant Daily mail, Daily express, Sun, metro, Scotsman 18 July / With the Edinburgh tram project now three years behind schedule and £230 million over budget, a £50 million contingency fund has been created due to concerns. A senior official has admitted that TIE failed to grasp the scale of the work involved, with major repairs and further works still needed. Herald 16 July, Evening News
  - The tram project will be completed at an inflated cost of £773million, up from £545million, and will only run to St Andrew's Square."Independent on Sunday/ Retired engineer John Carson has proposed a £25million train link to the airport, as an alternative to Edinburgh's £770million trams project. Times 6 Aug/ Conservative councillors have become the latest to say they will not sit on a committee set up to oversee the tram project. Last week, the SNP said it would withdraw from the tram sub-committee, which has been criticised for not meeting enough. In response, Councillor Lesley Hinds, Labour's transport

spokeswoman, said she would recommend that her party withdraw from the committee. Evening News

- “Between Dec 05 and March 08 TIE bosses shared £1m in bonuses, although who got what has not been revealed” Since 2008 five PR firms have shared £928,000. Seven law firms shared £4,057,973 in the last three years. DLA Piper drew up the contract “for the fiasco” and has received £2,633,972. Various dispute resolution consultants got £2.2m in 2010. Last month TIE’s chief executive “left with £200,000 pay off.” Private Eye 22 July

19. **Education** related articles:

- Commission on Rural Education established, membership announced (names and posts given) .Includes parents, head teachers and council chiefs. Two final members have still to be nominated. Will report next Spring. BBC 7 July
- Around £100m is expected to be invested by the Scottish Futures Trust in the west of Scotland in community projects such as health centres and schools.Evening Times 5 July
- There are only ten secondary schools out of nearly 400 in Scotland where at least half of pupils passed three or more Highers last year . Daily Mail 1 Aug

20. **Social care** related articles:

- The feasibility of the Scottish Government’s funding of care for the elderly is in doubt as figures project a 50% increase in Scotland’s over-60s by 2033. Care currently costs £370million annually.Scotsman 6 Aug
- Landlords owning all 752 Southern Cross care homes decide to leave the group and transfer their homes to other operators. They say they are still committed to providing continuity of care to the 31,000 residents. BBC 11 July
- Choices care group, providing services to about 800 people with learning disabilities in Scotland , has gone into administration. Administrators said services were continuing uninterrupted.BBC 5 Aug
- Dumfries & Galloway: a paralysed woman has been told her weekly care bill – for 58 hours care - will rise from £21 to £1,464 under the council’s new charging policy, whereby there is no longer a maximum weekly fee. She has also been told she is £17,000 in arrears. The total per year will be over £75,000. She says all her life savings will be used up within months. The new policy was introduced in April and will bring in £1.1 million for the council. The council leader said one in five people receiving care will be affected by the rise. D&G standard
- Edinburgh social workers have been criticised for using £10,000 of a pensioner's savings to pay for personal care the local authority should have funded. Social workers failed to tell the woman to stop paying for her own care when her savings reached the threshold of £14,500. An internal investigation said the department should pay back the money. The department refused but was ordered to do so by a council complaints committee. The council had no record of the discussions or assessments of the woman’s financial situation when she was taken into care in 2006. There was no review of her situation until she got an advocate with power of attorney in 2010. Complaints committee said better information should be circulated on a regular basis to care homes and residents. Herald 15 Aug
- Perth & Kinross: A decision to dramatically increase the cost of elderly day care services across Perthshire will leave pensioners vulnerable, isolated and depressed.” Perthshire Advertiser

- Disability campaigners have criticised variations in charges for personal care. Scotland on Sunday 21 Aug
- Pensioners in need of residential care in the final years of their lives pay an average of £40,000 per year. Sunday Post, Daily express 22 Aug
- New figures have revealed that 10 per cent of residents in Scotland's care homes for the elderly are physically disabled adults under the age of 64. Many of them are believed to be in their twenties, thirties and forties and can't find a place at care facilities designed for younger people . Daily Mail 1 Aug/ There are concerns that local council spending cuts could trigger a delay in finding alternative care for disabled adults currently living in care homes for the elderly. Sunday post 31 July
- An Orkney woman has challenged the legality of Orkney Islands Council's decision to slash Dial-a-Bus funding by raising the matter with the Equality and Human Rights Commission. Orcadian 4 Aug
- Highland: axing of a bus service to a Ross-shire day centre for adults with learning difficulties has raised fears that it will lead to the ultimate closure of the establishment. Growing anger over this and the way the council has handled the issue. Ross-shire journal, article & editorial
- Shelter Scotland raised concerns about the ability of support agencies to cope with the repercussions of new house repossession legislation, which could cause an influx of 2000 repossession cases. Herald 30 July
- Scottish Household Survey: Scots are becoming more satisfied with their lives and happier in their communities, despite rising debts, falling home ownership and fewer having access to a car, a new survey reveals. Scotsman, Daily telegraph 18 Aug

21. The following is a limited selection of some other issues being covered in relation to **individual councils and other organisations:**

- **Shetland:** A councillor is calling on the SIC to put robust procedures in place to prevent confidential information being leaked into the public domain. Shetland Times/ Editorial: Concerns about safety, or lack of it, following the reduction in staff numbers as a result of the council's Ports for the Future exercise Editorial said that clear lines of communication between staff and those at the top of the council, including councillors themselves, should exist. It may be perception rather than reality, but the council appears to be displaying some its old secretive habits. Shetland Times/ Charitable Trust/ Viking: editorial about the QC's opinion and also councillors' conflicts of interest. It says further advice should be sought from OSCR. Shetland Times 8 July
- **Dundee:** Proposed changes to waste laws could force up charges at Dundee's incinerator, its operator has warned. Interview with DERL talking about how changes will have implications for all EfW plants and could make some unviable. Dundee City Council gave DERL a £1 million loan in December. The council owns the incinerator and leases it to the company for an annual fee — last year a report by **Audit Scotland** said it was losing £500,000 a year. The council has defended its use of the incinerator, saying it would cost far more to landfill the city's rubbish than to burn it. Courier
- **South Ayrshire Council:** Audit Scotland said the council had radically improved its performance, thanks to the hard work of members and officers. Reserves rebuilt to the recommended level and finances on target for an £8m surplus by 2013. Ayrshire post 8 July

- Council tax arrears cost **Argyll and Bute** Council nearly £1million a year over the past 16 years, but the authority says collection rates are now better than ever. The council says the figures released by **Audit Scotland** are not directly comparable” Campbeltown Courier
- **Angus**: A former councillor claimed that "party and tribal politics" contributed to his stepping down from office. He said bitterness within the council chamber and outside has led to complaints to the Standards Commission and Audit Scotland and needs to be addressed. Courier 18 July
- **East Lothian** Council's ruling coalition has been shaken by suspicions over a leak to the press - the depute leader is quitting the post. East Lothian Courier 30 June
- **Aberdeenshire** Council has pledged to speed up its planning process after the authority was rated among the slowest for dealing with applications. A performance strategy for improvement is to be drawn up. P&J 19 Aug
- **Edinburgh: property repairs investigation**. One of the suspended employees ran his own business as a surveyor, offering to deal with property repairs, statutory notices and building defects. It is believed he was given permission by his managers to work in this capacity whilst also carrying out work for the council. Deloitte is looking at whether there were conflicts of interest in his and other cases. Daily Mail 22 July, Evening News 21 July/ A council officer has been sacked after he was found to be listed as a director of a building firm now being investigated over repair contracts awarded by the local authority. 18 members of the department and one planning officer have been suspended whilst the investigation is underway. Deloitte expected to complete the first stage of its investigation by Sept. Police investigation running in tandem. Unclear when the department will be fully operational again. Fraud probe is concentrating on a possible breach of practice over how building repair contracts were awarded and also how homeowners have been charged. Herald 21 July
- **Renfrewshire**: at least 40 people were left unemployed when an employability project closed down. The manager resigned after his project overspent its £4m a year budget by 50%. The council is currently investigating. The council says the project was shut down as planned when it reached the end of its three year lifespan and says it did not directly employ anyone who lost their job as this was a partnership project with commissioned services. Evening Times 25 July, 21 Aug/ Service was run as a joint venture by the council with other bodies, was given £2 million of European Social Fund funding in March, closure was announced end April. Internal audit review report to council expected in August. Other organisations say they have seen big surges in people approaching them for employment advice. Paisley gazette
- **Inverclyde** Council's corporate director has been fired and two of his colleagues face final warnings, after £650,000 was paid to consultants, yielding savings of under £250,000. Herald 6 Aug
- **Dundee City**. Staff have begun moving into the council's new headquarters. Evening Telegraph 25 July
- **East Lothian** Council is set to raise about £1 million from the sale of two prominent buildings. East Lothian Courier
- **Glasgow** City Council could face a Holyrood inquiry after the redirection of £120million raised through the sale and mortgage of council-owned properties from education and social work to a £127million early retirement fund. MSPs have expressed concerns. Sunday Express

- **Highland:** A councillor was sentenced to a year for a £43,000 benefits fraud. He had wanted to continue as a councillor. Council leader said the crimes were very serious and councillors had to be 'beyond reproach in financial matters'. P&J 20 July. Daily Mail, Sun 16 July
- An **Aberdeen City** councillor who admitted loitering in the red-light district has resigned from four posts linked to the local authority. He previously stepped down as vice convener of the social work committee. He will not be resigning as a councillor. P&J 11 Aug
- **Highland** Council no longer takes cash payments for bills. In 2009/10 41,900 cash transactions were made at the council's busiest service point. Inverness courier
- **Fife** Council had the highest number of council houses lying empty last year, with hundreds of homes costing £1.67 million in lost rent. Dunfermline Press
- **North Ayrshire** Council has saved £2.2m in fuel and energy costs since it began a carbon emissions reduction programme. Arran Banner
- EDI Group back in profit after £62million bailout from **Edinburgh City** Council. herald 20 Aug
- **Perth & Kinross:** new partnership agreement with voluntary, private and public sector organisations will oversee care provision for older people. Intended to meet individual needs and ensure sustainable support. Perthshire Advertiser
- The leader of **Aberdeen City** Council has questioned why names of elected members and officials have been blacked out in the minutes of meetings about Union Terrace Gardens.. P&J 6 July/ Campaigners have called for a **public audit** of the finances involved in the £140million City Garden project in Aberdeen. The chair of Friends of Union Terrace Gardens said £140 million is unrealistic and he's concerned about what will happen if it goes over budget. Councillor Kevin Stewart called for a public referendum earlier this year, now says the time for auditing is after designs and business plan are complete. P&J 11 July
- The **Association of Scottish Community Councils**, body representing community councils, has closed. Herald, P&J 7 July
- **Aberdeen City:/ Aberdeenshire** Work is to begin on a £440million bypass after senior judges rejected a last-ditch legal challenge, Daily Telegraph, Times, Daily Express, Sun, herald, Scotsman, P&J 12 Aug
- **Scottish Borders** Council leader is to meet the senior Scottish Government civil servant responsible for the Borders railway to "discuss a range of issues" as 'unease grows'. Southern Reporter
- The finance and audit scrutiny committee will investigate the governance of the **Glasgow 2014 Commonwealth Games** project. Evening Times/ The expenditure for Glasgow's 2014 Commonwealth Games is projected to reach £523.6million, 80% of which will be provided by the Scottish Government. Herald 30 July/ £4m fund for sports facilities will be distributed over four years via SportScotland. P&J 29 July/ £67million worth of Games contracts awarded to local firms, apprenticeship scheme open to school leavers. Evening Times 22 July/ £524million will have to be spent in preparation for Glasgow to hold the 2014 Commonwealth Games. Evening Times 22 July
- Concerns have been raised over those MSPs who continue to work as councillors. Mail on Sunday
- Trade unions have warned **Edinburgh City** Council's £1 billion privatisation plans could be even worse for the city than the tram system. Herald 2 Aug

- £200 million bill to have food waste collected separately under new rules designed to increase recycling rates. Daily telegraph, Daily Express 3 Aug, Evening Express
- The **Scottish Road Works Commissioner** has criticised councils for not taking action against firms responsible for delays in road works. Firms can be fined up to £1,000, though the number of notices has dropped from 242 in 2009 to 76 in 2010. Evening Times

## 22. Recent publications

**LA(S)AAC** published a handbook to help councillors and other public body governors deal with IFRS and understand council accounts.

The Minister for Local Government launched a **guide on how to ensure local services are better designed and built around people and local communities**. Produced by PwC working alongside specialists in Forth Sector Development and the Scottish Government.

**Ofsted** published a **report which outlines the success of nurture groups** in their work with children with challenging behaviour.

## 23. Forthcoming conferences:

**Supporting Scotland's Cities**, Glasgow, 28 September. The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy, will be delivering the opening keynote address. The event will look at all the inter-related aspects of the cities agenda – the economy, community regeneration, healthy communities, community resilience, place-making, leadership and governance, supporting local businesses and attracting inward investment.

**Partnership Working: Outsourcing and Shared Services**, Edinburgh 20 October.

**Institute for Research and Innovation in Social Services (IRISS)** Glasgow, 6 December in Glasgow. It will focus on the theme of service redesign. The Minister for Children & Early Years is due to speak at the event.

**ACCOUNTS COMMISSION**

**MEETING 8 SEPTEMBER 2011**

**COVER NOTE BY ACTING SECRETARY AND BUSINESS MANAGER**

**STRATHCLYDE PARTNERSHIP FOR TRANSPORT - REPORT BY THE CONTROLLER OF AUDIT**

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**Purpose**

1. The purpose of this paper is to introduce the Controller of Audit's report on Strathclyde Partnership for Transport (SPT). The Commission is invited to consider the report and decide how it wishes to proceed.

**Background**

2. At its meeting on 4 November 2010 the Accounts Commission considered a report by the Controller of Audit relating to Strathclyde Partnership for Transport (SPT). The report drew the Commission's attention to serious matters relating to travel expenses and allegations of misuse of public funds at SPT.
3. In its findings the Commission requested the Controller of Audit to report again, identifying SPT's progress in implementing its action plan and control actions and SPT's progress on the further recovery of personal or excessive expenses. The Controller's current report is in response to that request.

**The report**

4. The report to the Commission is made under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
5. A copy of the report is being sent to SPT, which is obliged to supply a copy to each member and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to SPT it is effectively in the public domain.

**Procedure**

6. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them –
  - (a) Direct the Controller of Audit to carry out further investigations;
  - (b) Hold a hearing;
  - (c) State its findings.
7. The appointed auditors will be present at the Commission's meeting and will be available to answer questions.
8. Members will wish to consider, in the first instance, whether the report provides all the information that the Commission needs in order to proceed with its consideration. If not, the Commission may direct the Controller of Audit to carry out further investigations or to make a further report on a specific issue.

9. If the Commission is satisfied with the information that it has, it may wish to proceed to make findings.
10. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make enforcement Directions requiring authorities to take such action as is specified in the Direction.
11. The circumstances in which the Commission might wish to hold a hearing are likely to include –
  - where the Commission has serious concerns about the performance of an authority as demonstrated in the audit report;
  - where there is a strong difference of opinion between the Controller of Audit and the authority.

### **Conclusion**

12. The Commission is invited to –
  - consider the report by the Controller of Audit on Strathclyde Partnership for Transport; and
  - decide how it wishes to proceed.

Gordon Smail  
Acting Secretary and Business Manager  
30 August 2011



**ACCOUNTS COMMISSION**

**MEETING 8 SEPTEMBER 2011**

**REPORT BY THE CONTROLLER OF AUDIT TO THE ACCOUNTS COMMISSION UNDER SECTION 102(1) OF THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973**

**STRATHCLYDE PARTNERSHIP FOR TRANSPORT**

**PROGRESS REPORT – INVESTIGATION OF EXPENSES AND OTHER MATTERS**

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**Introduction and background**

1. At its meeting on 4 November 2010 the Accounts Commission considered a report by the Controller of Audit relating to Strathclyde Partnership for Transport (SPT). The report drew the Commission's attention to a report produced by SPT's external auditor's (KPMG) into serious issues relating to travel expenses and allegations of misuse of public funds at SPT first raised in a series of media reports.
2. The Commission noted the report and asked the Controller of Audit to produce a follow-up report recording progress. The report was to record the progress SPT had made in implementing the action plan and control actions agreed with KPMG and to explain any actions taken by SPT to recover personal or excessive expenses.
3. This report forms my response to the Commission's request.

**SPT has implemented the action plan and control actions**

4. KPMG's original report in May 2010 identified serious deficiencies in SPT's arrangements for monitoring, controlling and recording travel expenses. It also identified scope for improvement in the use of consultants, tendering arrangements and marketing expenditure. The report set out an action plan containing seven recommendations together with SPT management's response and target dates and the officers responsible for implementation. In June 2010 SPT approved the action plan and identified a further eight control actions for expenses and travel.
5. KPMG followed up progress against their recommendations and SPT's control actions in May 2011. Their results – Appendix attached – show that KPMG has obtained documentary evidence and undertaken sample testing to gain assurance that the recommendations and control actions have been implemented. As a result the auditor has been able to confirm that SPT has successfully implemented a range of new procedures relating to controls over expenses, the use of consultants, conflicts of interests, marketing and publicity and capital projects.
6. KPMG identified one minor area for further improvement in controls relating to credit card expenditure. The auditor's tests noted two occasions where credit card reconciliations were authorised by a member of staff to which some of the expenditure related. On both occasions the expenditure related to pre-approved request for business travel which provided a compensating control. Nevertheless, KPMG has recommended that management should further review whether the process ensures that all expenditure is authorised independently after it has been incurred.

## **SPT decided not to take any further action to recover expenses identified as personal and excessive**

7. KPMG's May 2010 report concluded that the former Vice-Chairman and the former Director of Communications at SPT had claimed £1,495 of expenses that could have been personal and excessive during a visit to Greater Manchester Passenger Transport Executive (GMPTE). An internal review of the circumstances surrounding the meeting with GMPTE was undertaken prior to KPMG's investigation and SPT had recovered £290 from the former Director of Communications.
8. In the conclusions to my Controller of Audit report I encouraged SPT to seek to recover the remaining £1,205 of potential personal and excessive costs. This view was endorsed by the Commission in their findings.
9. KPMG's progress update report notes that after consideration the SPT board (Partnership) decided not to seek further recovery. SPT had taken legal advice which had stated that because the trip had been authorised before the expenses were incurred, the chances of recovery through the courts were slim. In addition, the estimated cost of pursuing the case (at least £2,000) was likely to outweigh the sums involved. The Partnership decided against pursuing the case further. SPT issued a public notice reporting its decision in December 2010.

## **Conclusion**

10. The purpose of my report is to update the Commission on progress made by the SPT in response to my report of October 2010 and the Commission's findings. It is clear that SPT has taken this matter seriously and has made significant progress against the action plan and control actions. SPT has also taken appropriate steps to consider the case for further recovery and taken a reasonable decision not to pursue it on legal advice.

No	Issue and recommendation	Management response (May 2010)	Officer and due date	SPT progress update (March 2011) and evidence details	KPMG Findings (May 2011)
1	<p><b>Retention of receipts and other supporting documentation</b></p> <p>At the time of our review over £32,000 of expenditure on corporate credit cards was not supported by receipts or other documentation, including statements. We were advised by management that the receipts and other supporting documentation were shredded by the individual responsible for the administration of corporate credit cards.</p> <p>While we understand that SPT has strengthened administration controls over corporate credit cards to ensure that receipts and supporting documentation are retained, management should review and formalise its document retention arrangements in respect of corporate credit cards and 'out of pocket' expense claims.</p> <p><i>(Grade two)</i></p>	<p>Agreed.</p> <p>New administrative processes for the management of corporate credit cards have been in place since May 2009.</p> <p>These have been further reviewed and cross checked against the corporate document retention guidelines.</p>	<p>Director of Finance</p> <p>Implemented.</p>	<p>A full internal audit of the retention policy has been undertaken with the findings to be reported to the Audit &amp; Standards Committee of 25 March 2011. This has identified a number of weaknesses and supporting recommendations which will now be implemented. Although measures implemented in May 2009 relating to corporate credit cards remain satisfactory.</p> <p>All parts of the organisation have been reminded of their role in the retention of documents policy with each department naming one key named officer to take responsibility for that area. They must implement the retention policy as agreed and as determined by the Senior Legal Advisor. In addition and specifically relating to corporate credit cards and expenses revised procedures have been implemented and controls are working as planned.</p> <p>In addition, the organisation has reviewed all its processes in support of freedom of information requests and this is subject to review by the information commissioner at the end of March 2011.</p>	<p><b>Implemented.</b></p> <p>Internal audit performed work over the retention of documents (see internal audit report) <b>(2)</b> which details the review performed and recommendations. This was presented to the audit and standards committee on the 25 March 2011 <b>(1)</b>.</p> <p>The work was an overview of document retention. The work on retention of documentation included reviewing where, and for how long, information was retained for visa expenses and payroll expenses, but did not test individual items. We therefore carried out further testing, as detailed below.</p> <p>We tested a sample of 15 credit card statements, to ensure they had been signed by the claimant, had been appropriately authorised and the relevant receipts were attached <b>(13)</b>.</p> <p>When expenditure is incurred on a corporate credit card, a credit card reconciliation is completed in place of an expenses claim form. The standard template requires a signature by the card holder as 'claimant' and their line manager as 'authorised'. The form states that they are signing to confirm that expenditure was necessarily incurred in respect of SPT and that all receipts are attached.</p> <p>On two occasions, we noted that the credit card reconciliation was signed as</p>

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					<p>'authorised' by a member of staff to which some of the expenditure related. Best practice would be that an individual should not authorise an expense which relates to them.</p> <p><b>While on both occasions, there was a pre-approved request for business travel in respect of the relevant expenditure which, to some extent acts as a compensating control, management should review whether the process provides for the appropriate level of independent authorisation of all expenditure after it has been incurred.</b></p> <p>We received a copy of the retention policy (8), reviewed by internal audit (dated September 2009).</p>
2	<p><b>Expenses</b></p> <p>Our review identified a need to revise the expenses policy to address a number of matters requiring attention, including:</p> <ul style="list-style-type: none"> <li>personal expenditure and / or excessive costs incurred;</li> <li>potentially longer than necessary lengths of stay;</li> <li>role of members on overseas and other trips;</li> <li>limited evidence that SPT received value from the level of expenditure incurred, including in respect of entertaining; and</li> </ul>	<p>SPT will undertake a best practice benchmarking review of expenses policies and will thereafter seek to implement the resultant recommendations as soon as is practicable. Management of the chief executives expenses will be included in the brief for this review.</p>	<p>Assistant Chief Executive (Business Support)</p> <p>30 September 2010</p>	<p>A full benchmarking exercise was conducted independently and the findings placed before the Strategy Group and the Audit &amp; Standards Committee for consideration. This identified that while SPTs policy actually was in many places consistent with best practice a small number of areas required to be considered – mainly because the document was “silent” on the issue.</p> <p>Since then the opportunity has been taken to review the expenses policy and guidelines and an update will be presented</p>	<p>We obtained a copy of the expenses policy (3) and the travel manual and guidelines (14) which were updated in February 2011 and approved by the personnel committee in April 2011.</p> <p>It was agreed at the audit and standards committee on 2 June 2010 that all members and directors expenses would be provided to the committee for scrutiny on a regular basis.</p> <p>A report on members and directors expenses to 26 February 2011 was presented to the audit and standards committee on 25 March 2011 (5). Review of minutes of the audit and</p>

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	<p>• The policy in respect of authorisation of the chief executive's expenses.</p> <p>The recommendations support the main recommendations previously made by SPT's internal auditors. The recommendations reinforce internal audit's conclusions, which included the need to demonstrate that value for money is being achieved and, where appropriate, a ceiling is applied to reclaimable expenses.</p> <p>We recommend that:</p> <p><b>Recommendation 2a:</b> Consideration is given to whether repayments of expenses is required for any personal expenditure incurred on overseas trips. In addition, SPT should keep under review the strengthened travel and subsistence expense controls to ensure that they are operating effectively.</p> <p><b>Recommendation 2b:</b> A process of pre-approval of overseas and other trips and business entertaining should be implemented. This should incorporate an estimate of the value / cost of the planned trip, proposed travel arrangements (including length of stay), consideration of business need, including the value for money, attendees and the agreed method of feedback to be provided following the completion of the overseas or other trip.</p> <p><b>Recommendation 2c:</b> Arrangements are revised to ensure that the chief executive's expenses are subject to independent and</p>	<p>All expenses are currently reviewed on submission against the existing expenses policy. Where expenditure has been confirmed as personal, an invoice will be raised for reimbursement of SPT.</p> <p>A system of pre approval (including an estimate of the cost) is already in place. With regards to members travel, it is proposed to include an estimate of travel and accommodation costs in proposals to committee. Similarly, a formal feedback process for all overseas trips and conferences is already in place.</p>		<p>to the Personnel Committee on 15 April 2011 – this is necessary as some elements may require to be consulted with the respective trade unions if it constitutes a change to employment terms &amp; conditions. The review has taken full cognisance of the issues identified in the benchmarking report.</p> <p>The scheme of delegation has been amended to ensure that all member travel and chief executive travel requires to be approved by a relevant committee – these reports are to include full disclosure relating to purposes, who is attending (member &amp; officer) and costs. This also applies in situations where members are seeking to attend a conference in the UK.</p> <p>In terms of scrutiny, the scheme of delegation no longer permits the Chief Executive to authorise his own attendance at such events. Furthermore the Audit &amp; Standards Committee now receives regular reports of all senior staff expenses on an ongoing basis for scrutiny.</p> <p>All member and senior officer expenses are made public on a 4 weekly basis on the SPT website.</p>	<p>standards committee showed that a report was also considered at the meeting of the 17 September 2010 (7).</p> <p>The expenses of senior staff (directors) and members are published on SPT's website. These are subject to regular updates – four weekly. At the time of our follow up work, amounts shown were for expenditure incurred to 26 March 2011. (4,5).</p> <p><u>Response to detailed recommendations:</u></p> <p>Recommendation 2a: <b>Implemented</b></p> <p>Management has advised that consideration was given to whether repayments of expenses was required for any personal expenditure incurred on overseas trips. Management concluded that no expenditure could be wholly identified as personal and hence, no reclaim was made.</p> <p>Recommendation 2b: <b>Implemented</b></p> <p>A 'request for business travel form' must be completed for the pre-approval of business trips which shows an estimated value of the trip.</p> <p>Recommendation 2c: <b>Implemented.</b></p> <p>The chief executive's expenses and all directors expenses are subject to scrutiny by the audit and standards committee.</p> <p>Recommendation 2d: <b>Implemented.</b></p>

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	<p>formal approval.</p> <p><b>Recommendation 2d:</b> SPT's travel policy should be reviewed and updated to provide specific guidance, in line with best practice, on each expense policy area incurred (covering 'out of pocket', corporate credit card and travel agency). This should include: class of air and rail travel; use of taxis and personal vehicles; permissible subsistence (for example telephone calls and alcohol); overnight accommodation and hotel rates; overseas travel; business and staff entertainment and other areas appropriate to the nature of SPT's business.</p> <p><b>Recommendation 2e:</b> Management should ensure that the revised expenses policy takes into account HMRC requirements.</p> <p><b>Recommendation 2f:</b> A revised expenses policy should clarify expectations that all expenses will be supported by sufficiently detailed receipts, or other supporting documentation. In addition, the revised expenses policy should clarify the recommended methods for booking travel.</p> <p><i>(Grade one)</i></p>			<p>The members guidance relating to travel and expenses has also been strengthened to include guidance on matters relating to overseas travel, presumption of public transport use and also what is reasonable subsistence. Training of members has also been conducted – first session held on 11 March 2011 with a second planned on 25 March 2011. A full attendance record will be included on the SPT website at the end of the financial year.</p>	<p>The new travel expenses policy was approved by the personnel committee in April 2011. Review of the policy confirms it addresses the issues outlined in the recommendation. We noted that when an administrator's credit card was used to pay for expenses incurred, the expenses claim form was signed by the administrator and these costs were supported by request for business request forms.</p> <p>Recommendation 2e: <b>Implemented.</b></p> <p>Recommendation 2f: <b>Implemented.</b></p> <p>Review of the policy confirms that it states that receipts must be provided for all expenditure. We tested a sample of expenses claims and confirmed that receipts for all claimed expenditure were retained with the claim form.</p>
3	<p><b>Visit to GMPTE</b></p> <p>The evidence suggests that this trip was arranged to coincide with the UEFA cup final, although this is disputed by the former director of communications. Inaccuracies in the expense form</p>	<p>Agreed.</p> <p>Where expenditure has been confirmed as personal, an invoice will be raised for</p>	<p>Assistant Chief Executive (Business Support)</p> <p>30 June 2010</p>	<p>As noted, expenses identified as personal were previously repaid. In terms of a further repayment of expenses relating to the GMPTE visit, senior management sought legal advice as to whether it was</p>	<p>We obtained email correspondence <b>(15)</b> from the legal department within SPT, who sought external advice on the cost of further recovery of expenditure incurred during the visit to GMPTE. The email shows that the estimated cost to</p>

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	<p>submitted by the former director of communications (for his and the former vice chairman's 'out of pocket' expenses) mask the personal element of certain expenses. Personal and excessive expenditure was incurred on the trip to Manchester and an amount has been repaid by the former director of communications. It could be argued that all expenses associated with this trip should be repaid.</p> <p>We recommend that SPT consider whether any follow up action is required, including the appropriateness of the amounts repaid.</p> <p><i>(Grade one)</i></p>	<p>reimbursement of SPT, where it has not already been reimbursed.</p>		<p>possible to recover these moneys, on what basis and the chances of recovery. This detail was then provided to the Partnership for full information and consideration.</p> <p>Legal advice suggested that given that the trips had been authorised prior to expenditure occurring it would be difficult to support the repayment through the legal process. The costs of doing this would also outweigh the sums recovered and the chances of recovery was small. The Partnership considered all the matters and decided that to incur further costs to recover this sum was not in the best interests of the use of public funds, particularly as full authority was given to the event and that the information gained had been used in further SPT meetings.</p> <p>As required all meetings and reports on this matter were held in public, and the public notice reported the outcome of the decision. The wording of the public notice was agreed with Audit Scotland prior to publication.</p>	<p>do this would have been at least £2,000 and the likelihood of success only small. It was, therefore, not considered by the Partnership to be a good use of public funding to pursue the matter further.</p>
4	<p><b>Use of consultants</b></p> <p>SPT's use of consultants is largely in accordance with the key recommendations set out in Audit Scotland's report, Central</p>	<p>Agreed.</p> <p>On occasions where a request to engage consultants</p>	<p>Director of Finance</p> <p>30 June 2010</p>	<p>The use of consultants now requires internal approval prior to the appointment with the clear business need requiring to be</p>	<p><b>Implemented.</b></p> <p>The contract standing orders have been amended in response to this</p>

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	<p>government's use of consultancy services. However, there are some recommendations in the report that require further consideration. Management should ensure that all 'requests for tender forms' include formal evidence of:</p> <ul style="list-style-type: none"> <li>• the consideration and justification for the use of a consultant in place of in-house staff; and</li> <li>• The indicators and approach to the monitoring and evaluation of the work of the consultants.</li> </ul> <p><i>(Grade two)</i></p>	<p>is submitted, formal justification of the appointment will be required and the process for monitoring and evaluating the output detailed in advance of the appointment.</p>		<p>formally documented and agreed by an assistant chief executive.</p>	<p>recommendation <b>(10)</b>.</p> <p>The chief procurement officer confirmed that appendix nine of standing orders relating to contracts should be completed by a director or head of department and passed to the chief executive or assistant chief executive for authorisation prior to commencement of any tendering / resourcing exercise. The appendix nine form ensures that there is consideration and justification for the use of consultants.</p> <p>We tested a sample of eight contracts for the use of external consultants and confirmed that in all cases that the 'appendix nine' form had been completed.</p> <p>However, in one case the form had been completed and authorised by the same person. It should have been authorised by the assistant chief executive or a delegated signatory. However, we understand that the purchase order was not raised until the required paperwork was completed.</p>
5	<p><b>Conflicts of interests</b></p> <p>We investigated two separate complaints of individuals within SPT procuring supplies from related parties.</p> <p>We recommend that management review the policies and procedures for formally recording and managing conflicts of interest in relation to the procurement</p>	<p>Agreed.</p> <p>Formal recording and assessment of related party transactions must be documented in all procurement files, in addition to</p>	<p>Director of Finance Implemented.</p>	<p>Formal recording of all conflicts or potential conflicts is included on all procurement files (with a 'nil' declaration where relevant) and all staff are issued with reminders of the need to formally record any conflict or potential conflict. This matter also covers perceived</p>	<p><b>Implemented.</b></p> <p>Discussion with the chief procurement officer confirmed that there had been no instances of conflict of interest.</p> <p>For the contracts tested above we confirmed that a 'nil' declaration was included on file where there was no</p>



No	Issue and recommendation	Management response (May 2010)	Officer and due date	SPT progress update (March 2011) and evidence details	KPMG Findings (May 2011)
	process. <i>(Grade one)</i>	the register of interests.		conflicts of interest. The register is maintained by the assistant chief executive	conflict of interest. We obtained a copy of the register of interests (17) that is maintained by the assistant chief executive.
6	<p><b>Marketing and publicity expenditure</b></p> <p>SPT's communication expenditure (which includes marketing) is supported by detailed evidence of activity and there is no evidence that it has not been tendered in line with the required policies and procedures. Total communication and publicity expenditure is comparable to other Scottish regional transport partnerships, if expenditure is expressed as a percentage of total expenditure. SPT is a significantly larger organisation than the other Scottish RTPs and therefore a direct comparison is more difficult.</p> <p>SPT is limited in its ability to measure the impact of its marketing and publicity campaigns, as much of the expenditure is to encourage use of public transport generally, rather than a particular mode of public transport such as the subway. However, we recommend that:</p> <p><b>Recommendation 6a:</b> The annual marketing plan is approved by the Partnership (or appropriate committee) as part of the annual planning process;</p> <p><b>Recommendation 6b:</b> Reports detailing the impact of marketing are provided on a regular basis, to a relevant committee, or consideration and to allow appropriate</p>	<p>Agreed.</p> <p>The annual marketing plan will be included as part of the annual budget approval process submitted to the Partnership.</p> <p>Marketing feedback is currently provided to members on a quarterly basis.</p> <p>A review of marketing expenditure is already underway as part of the wider budgetary review and streamlining of the organisation.</p>	<p>Chief Executive Immediate.</p>	<p>Since the review SPT has fully reviewed its communications team and available funding to support this area of work. A new structure has been implemented with a reduced headcount and a reduced supporting budget.</p> <p>The Partnership considered the communications revised structure at its personnel committee on 8 October 2010, and considered the level of supporting budget as part of its full deliberations on future year budgets in December 2010 and again on 11 February 2011.</p> <p>The strategy group considered the communications strategy (covering marketing, public affairs, web and information, travel planning) at its meeting on 1 February 2011.</p> <p>All marketing campaigns are now considered by the strategy group to ensure that they meet the business objective that clear desirable outcomes are identified and that reporting on success is also conducted.</p>	<p>The restructuring to which management refers has now been implemented and has resulted in a reduced headcount and reduced budget for communications.</p> <p>The 2011-12 budget was considered by the Partnership on 11 February 2011. The proposed budget for communications in 2011-12 showed a reduction of £315,000 compared to 2010-11. This is being achieved largely through a £150,000 reduction in salary expenditure, a £40,000 reduction in employee 'on-costs' and a £120,000 reduction on external communications expenditure.</p> <p><u>Response to detailed recommendations:</u></p> <p>Recommendation 6a: <b>Implemented</b></p> <p>The annual marketing plan was approved as part of the communication strategy by the strategy group on 1 February 2011.</p> <p>Recommendation 6b: <b>Implemented</b></p> <p>Review of committee minutes confirmed that reports on impact are considered by the strategy group on a regular basis.</p> <p>Recommendation 6c: <b>Implemented</b></p> <p>Expenditure in this area is reviewed as part of the monthly monitoring process</p>

No	Issue and recommendation	Management response (May 2010)	Officer and due date	SPT progress update (March 2011) and evidence details	KPMG Findings (May 2011)
	<p>action to be taken to consider the effectiveness and value for money of expenditure; and</p> <p><b>Recommendation 6c:</b> Management keeps under review the level of expenditure in this area, with reference to other comparable organisations.</p> <p><i>(Grade two)</i></p>				<p>which compares actual spend to budget.</p>
7	<p><b>Partick interchange</b></p> <p>Formal lessons learned review is due to commence in May 2010, following the £6 million over run and delays surrounding the Partick interchange project.</p> <p>Management should ensure that the lessons learned review is completed as soon as is possible and that the lessons are shared, as appropriate, across the organisation to inform future projects.</p> <p><i>(Grade two)</i></p>	<p>Agreed.</p>	<p>Director of Projects 30 September 2010</p>	<p>Completed. Lessons learned report has been completed and shared with all key stakeholders, including internal and external stakeholders.</p>	<p><b>Implemented.</b></p> <p>A lesson learned report was commissioned by SPT as part of their close-down procedures for the Partick Interchange redevelopment project. The lessons learned took the form of a review of documentation and interviews with key stakeholders. We obtained a copy of the report <b>(12)</b> and confirmed with the senior projects manager that it had been disseminated to all the partners involved including Network Rail, First ScotRail and Spencer.</p> <p>A report on the findings to internal stakeholders was presented by the director of projects at the strategy group meeting on 28 September 2010, <b>(11)</b> which is attended by the chief executive, assistant chief executive and directors.</p>

**SPT control actions**

<b>No.</b>	<b>Control action</b>	<b>Management progress update (March 2011)</b>	<b>KPMG Findings (May 2011)</b>
1	All committee requests for approval of attendance at conferences and overseas visits will be accompanied with a business case, estimated costs for travel and accommodation, plus confirmation of any officer attendance.	Agreed and implemented to date – all requests for conference are submitted to the relevant committee for approval. This is also supplemented by reports outlining the key issues identified and any action that SPT should now consider.	<b>Implemented.</b> A business case requires to be submitted with requests for business travel.
2	The audit and standards committee will receive regular reports on conference attendance and overseas travel, together with actual costs and information on whether or not feedback reports were completed.	Agreed and implemented – a full report on expenses since October 2010 will be presented to the audit and standards committee on 25 March 2011.	<b>Implemented.</b> Review of minutes of the audit and standards committee confirmed that the report on expenses was submitted <b>(6)</b>
3	A best practice expense policy for officers will be completed and considered by the audit and standards committee in autumn 2010 and this and senior officer expenses will be available on SPT's website.	Benchmarking study completed and considered by audit and standards committee in Autumn 2010. All senior officer expenses made public via website and updated 4 weekly. The review of expenses policy and guidance will be considered by the personnel committee on 15 April 2011 before consultation with the respective unions in the areas that impact on terms & conditions	<b>Implemented.</b> A revised expenses policy was approved by Personnel Committee in April 2011 <b>(3)</b> .
4	The audit and standards committee will review all senior officers' and members' expenses on an ongoing basis.	Agreed and implemented. The audit and standards committee now receive senior officer expenses on a regular basis.	<b>Implemented.</b> Reports were submitted to committee in September 2010 and March 2011. <b>(4, 5)</b>

No.	Control action	Management progress update (March 2011)	KPMG Findings (May 2011)
5	Members' expenses guidelines will be revised to strengthen the expectation that public transport will be the preferred mode of travel, acknowledging flexibility is required in practice.	Agreed and completed.	<p><b>Implemented.</b></p> <p>A copy of revised members expenses guidelines were reviewed and showed the recommended revisions had been implemented <b>(19)</b>.</p>
6	Internal audit will review the document retention policy and report back to a future meeting of the audit and standards committee.	Agreed and completed with audit and standards committee to receive the internal audit report at its meeting on 25 March 2011. Implementation of the recommendations will follow thereafter	<p><b>Implemented.</b></p> <p>Report presented to audit and standards committee on 25 March 2011 <b>(1)</b>.</p>
7	Business class should not be the preferred method of air travel unless special circumstances dictate otherwise.	Agreed and implemented	<p><b>Implemented.</b></p> <p>Review of the travel expenses policy confirmed it had been updated to include information on class of travel <b>(3)</b>.</p>
8	The need for attendance at projected meetings will be reviewed in the light of any changing circumstance in the interim.	Agreed and implemented. Attendance at outside bodies considered and agreed by the Partnership at its meeting in February 2011.	<p><b>Implemented.</b></p> <p>A business case form must be completed and submitted for review before approval for meeting attendance is given <b>(3,13)</b>.</p>

**Training and development**

<b>No.</b>		<b>Management progress update (March 2011)</b>	<b>KPMG Findings (May 2011)</b>
1	<p>When implementing its action plan SPT should consider the training and development needs of its members to ensure that they are clear about SPT's revised policies and procedures and can demonstrate good governance, and effective scrutiny and challenge, in the discharge of their roles.</p>	<p>Agreed and implemented with some follow ups planned.</p> <p>Training on members travel and expenses policy, reimbursement processes and responsibilities completed on 11 February 2011 with a second session being held on 25 March 2011. In addition a training session based on CIPFAs "On Board" training planned for May 2011 – diaries do not permit this earlier.</p> <p>An update of audit and standard committee's role in scrutiny also planned for May 2011 – diaries do not permit this earlier.</p>	<p><b>Implemented.</b></p> <p>Review of attendance at these meetings confirmed that members attended a training course on these issues. <b>(18).</b></p>