

416th meeting of the Accounts Commission for Scotland
Thursday 14 May 2015, 10.15am
in the offices of Audit Scotland, 18 George Street, Edinburgh

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 13 to 16 in private.
4. **Minutes of meeting of 16 April 2015.**
5. **Minutes of meeting of Financial Audit and Assurance Committee of 30 April 2015.**
6. **Minutes of meeting of Performance Audit Committee of 30 April 2015.**
7. **Update report by the Secretary to the Accounts Commission:** The Commission will consider a report by the Secretary to the Commission on significant recent activity in relation to local government.
8. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.
9. **Council funding gaps, 2015/16 to 2017/18:** The Commission will consider a report by the Director of Performance Audit and Best Value.
10. **Freedom of Information Publication Scheme:** The Commission will consider a report by the Secretary to the Commission.
11. **Audit appointment 2014/15: Glasgow and Clyde Valley Cabinet Joint Committee:** The Commission will consider a report by the Assistant Auditor General.
12. **Audit of Best Value: East Dunbartonshire Council:** The Commission will consider a report by the Controller of Audit.

The following items are proposed to be considered in private:

13. **Audit of Best Value: East Dunbartonshire Council:** The Commission will consider the action it wishes to take.
14. **Draft response to Scottish Government consultation: draft Climate Change (Reporting on Climate Change Duties) (Scotland) Order 2015:** The Commission will consider a report by the Secretary to the Commission.
15. **Commission extranet:** The Commission will consider a presentation by the Information Services Manager.
16. **Commission business matters:** The Commission will discuss matters of interest.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of the Commission of 16 April 2015	AC.2015.5.1
Agenda Item 5: Minutes of meeting of Financial Audit and Assurance Committee of 30 April 2015	AC.2015.5.2
Agenda Item 6: Minutes of meeting of Performance Audit Committee of 30 April 2015	AC.2015.5.3
Agenda Item 7: Report by Secretary to the Commission	AC.2015.5.4
Agenda Item 9: Report by Director of Performance and Best Value	AC.2015.5.5
Agenda Item 10: Report by Secretary to the Commission	AC.2015.5.6
Agenda Item 11: Report by Assistant Auditor General	AC.2015.5.7
Agenda Item 12: Report by Director of Performance Audit and Best Value	AC.2015.5.8
Agenda Item 14: Report by the Secretary to the Commission	AC.2015.5.9

MEETING: 14 MAY 2015

MINUTES OF MEETING HELD ON 16 APRIL 2015

Minutes of the 415th meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 16 April 2015, at 10.15am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Alan Campbell
Sandy Cumming
Tim McKay
Christine May
Stephen Moore
Linda Pollock
Colin Peebles
Graham Sharp
Pauline Weetman

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Antony Clark, Assistant Director, PABV [Items 7 to 9]
Fiona Selkirk, Audit Manager, PABV [Item 9]
Claire Sweeney, Assistant Director, PABV [Item 10]

<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 12 March 2015
5.	Update report by the Secretary to the Commission
6.	Update report by the Controller of Audit
7.	National Scrutiny Plan 2015/16
8.	Shared risk assessment and Best Value work 2015/16
9.	Equalities outcomes and mainstreaming – progress report [<i>in private</i>]
10.	World class programme development [<i>in private</i>]
11.	Commission extranet [<i>in private</i>]
12.	Commission business matters [<i>in private</i>]

The Chair welcomed John Maclean, Chair of Audit Scotland, who was observing the meeting.

1. Apologies for absence

It was noted that apologies for absence had been received from Colin Duncan.

2. Declarations of interest

The following declarations of interest were made:

- Christine May, in item 5, as Vice-Chair of Fife Cultural Trust.
- Linda Pollock, in item 7, as a member of the board of the Care Inspectorate.

3. Decisions on taking business in private

It was agreed that items 9 to 12 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 12 March 2015

The minutes of the meeting of 12 March 2015 were submitted and approved, subject to, noting, in relation to paragraph 1, that apologies for absence from Colin Peebles had been noted.

5. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion the Commission:

- noted advice from the Secretary that:
 - in paragraph 15, first sentence, “Commission” should read “Committee”.
 - in paragraph 54, fourth sentence, “205” should read “20%” and “finding” should read “target funding proportions”.
 - in relation to paragraph 33 (COSLA conference), the Commission would address in its stakeholder engagement strategy how it engages with those councils that have left COSLA.
- Noted thanks from the Chair to Graham Sharp and Pauline Weetman for briefing the Public Audit Committee on 1 April on the Commission’s report *Borrowing and treasury management in councils*.

Thereafter the Commission agreed to note the report.

6. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

7. National Scrutiny Plan 2015/16

The Commission considered a report by the Director of Performance Audit and Best Value introducing the National Scrutiny Plan for Local Government 2015/16 and its related commentary report. The report outlined the outcomes of the recent shared risk assessment process in each of Scotland’s 32 councils.

Following discussion, the Commission agreed:

- To endorse the National Scrutiny Plan 2015/16 and the commentary report.
- That future publications incorporate:
 - in the Plan, a clearer depiction of the Commission's role in reporting.
 - in the commentary report, a clearer depiction of the role of the annual audit.

8. Shared risk assessment and Best Value work 2015/16

The Commission considered a report by the Director of Performance Audit and Best Value, reporting on the shared risk assessment (SRA) process and setting out proposed Best Value related audit work arising from the SRA process.

Following discussion, the Commission agreed:

- To endorse the proposed Best Value audit activity arising from the recent SRA process.
- To note the proposal to bring the Moray Council Best Value follow-up audit report to the Commission's September 2015 meeting.

9. Equalities outcomes and mainstreaming – progress report [in private]

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

The Commission considered a report by the Secretary to the Commission introducing a draft report setting out the progress by the Commission in relation to fulfilling its duties under the Equality Act 2010.

During discussion, the Commission agreed:

- A number of changes to the draft report.

*Action: Chair of Audit Scotland
Diversity and Equalities Steering Group*

- That a sub-group, consisting of Sandy Cumming, Christine May and Pauline Weetman, be established to consider how the Commission responds to the Scottish Government's 50/50 by 2020 plan, a pledge to make public appointments within public bodies more diverse.

Action: Secretary

- To note advice from the Secretary about the potential of diversity and equalities featuring appropriately in the ongoing review by the Commission of its approach to auditing Best Value.
- To approve the draft report and proposals for publication.

Action: Secretary

10. World Class programme development [in private]

The Commission agreed that this item be held in private to allow it to consider issues around audit programming.

The Commission considered a report by the Director of Performance Audit and Best Value setting out Audit Scotland's vision to deliver world class programme development.

Following discussion, the Commission agreed:

- To endorse the proposed approach.
- To note advice from Ronnie Hinds, as Chair of the Performance Audit Committee, about the committee's role in programme development.
- To agree to further dialogue with Audit Scotland about ensuring a more dynamic audit programming and thus fit with the policy environment.

11. Commission extranet [in private]

The Commission agreed that this item be deferred to its next meeting.

12. Commission business matters [in private]

The Commission agreed that the Chair's update on Commission business matters be held in private to allow it to discuss issues of a confidential nature relating to the operations of the Commission.

The Chair briefed the Commission on matters of interest.

ACCOUNTS COMMISSION

MEETING 14 MAY 2015

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 30
APRIL 2015**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 30 April 2015, at 10.00am.

PRESENT: Graham Sharp (Chair)
Colin Duncan
Linda Pollock
Pauline Weetman
Douglas Sinclair

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Cathy MacGregor, Project Manager, PABV [Item 5]
Russell Frith, Assistant Auditor General [Item 6]
Fiona Mitchell-Knight, Assistant Director, Audit Services [Item 4]
Allister Perston, Audit Manager, Audit Services [Item 4]

1. Apologies for absence
2. Declarations of interest
3. Draft minutes of meeting of 26 February 2015
4. Current audit issues in councils
5. Local government overview: approach
6. Accounting and auditing update
7. Any other business

1. Apologies

It was noted that apologies for absence had been received from Tim McKay.

2. Declarations of interest

Linda Pollock declared an interest in item 4 as a member of the board of the Care Inspectorate and as a trustee of Enable.

3. Minutes of meeting of 26 February 2015

The minutes of the meeting of 26 February 2015 were noted.

Arising therefrom, the Committee:

- In relation to item 3, fourth bullet point (letter to pension fund trustees), noted advice from the Secretary that the letter would be shared with members.
- In relation to item 5 (intelligence report), noted advice from the Secretary that reports of intelligence from the Scottish Public Services Ombudsman and others would be submitted to the Committee on a six-monthly basis, starting from its meeting in September.
- In relation to item 6 (review of 2013/14 local government annual audit reports), noted advice from the Assistant Auditor General that the report had been issued to audit firms involved in the annual audit.

4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils, focusing on issues relevant to the annual audit.

During discussion it was agreed:

- To note advice from the Secretary that from the next meeting, the report would be provided by the Controller of Audit.
- To note advice from the Assistant Auditor General that he would liaise with the local auditor in relation to any information arising from the National Fraud Initiative in relation to the case in relation to East Renfrewshire Council overpaying an estimated £1 million for personal care to the charity Enable for an individual who died in May 2011.
Action: Assistant Auditor General
- To note advice from the Controller of Audit about the progress of the proposed position statement on health and social care integration, which would be considered by the Commission later in the year..
- To note advice from the Controller of Audit that an ongoing issue around a European ruling on how capital investment projects, including a number of schools projects, are classified, upon which he would keep a watching brief.
- To note advice from the Controller of Audit that he continued to monitor the decisions by Midlothian Council in relation to the housing development at Newbyres.

Thereafter the Committee agreed to note the report.

5. Local government overview: approach

The Committee considered a joint report by the Secretary to the Commission and Director of PABV seeking consideration of the approach to the next overview report and the Commission's oversight of the process.

Following discussion the Committee agreed:

- That the current report be sent to health board chief executives.
Action: Secretary to the Commission
- To note the initial impact of the 2015 overview report.
- That more information be provided on informal council feedback on the 2015 report as it becomes available.
- That the approach to promoting the report in individual councils be more formally considered as part of the promotion strategy for next year's report.
- That the themes and messages in the report be presented in a longer-term perspective of three years, taking cognisance of the potential impact of the local government elections in 2017.
- That the report reflect consistency with the Commission's strategic priorities.
- To continue with the current high-level review of context and identifying priorities for councillors in the year ahead.
- That more analysis of past performance and trends, and a forward-looking section on changes and influences on, for example, demographics and policy context, be undertaken
- That supplementary data be made more accessible and interactive.
- To note the proposals for Commission oversight of the report involving the Commission sponsors and Commission Chair and Deputy Chair.

Actions: Director of PABV

6. Accounting and auditing update

The Committee considered a report by the Assistant Auditor General informing members of recent accounting and auditing developments affecting the public sector, particularly local government in Scotland.

Following discussion the Committee agreed:

- To note advice from the Director of PABV that he was considering the implications of equal pay issues on his work programme.
- That further information be provided on Chartered Institute of Public Finance and Accountancy guidance to councils on the accounting treatment of collaborative arrangements.

Action: Assistant Auditor General

Thereafter the Committee agreed to note the report.

7. Any other business

The Committee noted advice from the Secretary that its next meeting would be on 18 June 2015.

ACCOUNTS COMMISSION

MEETING 12 MARCH 2015

ACCOUNTS COMMISSION

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 30 APRIL 2015

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 30 April 2015, at 2pm.

PRESENT: Ronnie Hinds (Chair)
 Alan Campbell
 Sandy Cumming
 Christine May
 Stephen Moore
 Douglas Sinclair

IN ATTENDANCE: Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
 Carol Calder, Senior Manager, PABV [Item 5]
 Antony Clark, Assistant Director, PABV [Item 7]
 Lucy Jones, Auditor, PABV [Item 5]
 Jillian Matthew, Audit Manager, PABV [Item 5]
 Kathrine Sibbald, Audit Manager, PABV [Item 7]
 Claire Sweeney, Assistant Director, PABV [Item 6]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 26 February 2015
4.	Performance audit programme and scrutiny work update
5.	Performance audit: scope – Understanding pressures in the health and social care system
6.	World class programme development: monitoring the policy environment
7.	Performance information, benchmarking and public performance reporting: progress
8.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Colin Peebles.

2. Declarations of interest

Christine May declared an interest in item 6 as the Vice-Chair of Fife Cultural Trust.

3. Minutes of meeting of 26 February 2015

The minutes of the meeting of 26 February 2015 were noted, subject to noting that the Committee had agreed that Douglas Sinclair assume the chairing of the meeting in the absence of Ronnie Hinds.

4. Performance audit programme and scrutiny work update

The Committee considered a report by the Director of Performance Audit and Best Value providing an update on progress with performance audits and related impact reports.

Following discussion, the Committee agreed to:

- Note advice from Douglas Sinclair that he and the other sponsor for the audit on roles and responsibilities, Tim McKay, would be meeting the audit team to discuss the scope of the audit.
- Note the report.

5. Performance audit: scope – Understanding pressures in the health and social care system

The Committee considered a report by the Director of Performance Audit and Best Value seeking approval of the approach to the performance audit *Pressures in health and social care*, a joint audit for the Accounts Commission and Auditor General. The report was complemented with a presentation from the audit team.

Following discussion, the Committee approved the approach proposed in the Director's report, subject to the audit team addressing the issues raised in discussion, in conjunction with the audit sponsors, Ronnie Hinds and Christine May.

Action: Director of Performance Audit and Best Value

6. World class programme development: monitoring the policy environment

The Committee considered a report by the Director of PABV supporting a presentation on, and seeking agreement on, how the Commission could engage in monitoring of the policy environment.

Following discussion, the Committee agreed that the Director present for its approval proposals at a future meeting on an approach to, and a schedule of, policy briefings.

7. Performance information, benchmarking and public performance reporting: progress

The Committee considered a presentation by the Assistant Director of PABV on progress in developing proposals for a long-term strategic approach for the Commission in fulfilling its responsibilities and duties in relation to statutory performance information and public performance reporting.

Following discussion, the Committee agreed:

- To note the progress update.
- That proposals, including proposed terms of discussion with stakeholders such as the Improvement Service, be considered more fully by the Commission.
- That any discussions with stakeholders take place following such consideration by the Commission.

*Actions: Director of Performance Audit and Best Value
and Secretary to the Commission*

8. Any other business

The Committee noted advice from the Secretary that its next meeting would be on 18 June 2015.

MEETING: 14 MAY 2015**REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION****UPDATE REPORT**

Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report complements the weekly provided by Audit Scotland's Communication Team made available on the extranet site. This provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business***Impact of recent reports:***

4. As reported at previous meetings of the Accounts Commission, the audit team continue to engage with stakeholders and interested parties to maximise the impact of the [School Education report](#). On the 14 April, the audit team ran a seminar for elected members at Orkney Council that was very well attended. On the 28 April they undertook a presentation and briefing session with elected members from the Education Executive at Falkirk Council. The team have also shared their findings around parental involvement with the Scottish Government to help shape and inform their on-going work in this area. Councils continue to welcome the checklist (produced as part of the audit) to help elected members scrutinise the education function. The report still continues to attract an average of 800 downloads each month and there has been a total of 7800 downloads since publication.

Other business:

5. An advert inviting applications for three new members of the Commission, to serve from 1 October 2015, will be published on 29 May 2015, with a closing date for applications on 19 June 2015.
6. The Scottish Government published a [Guide for Board Members of Public Bodies in Scotland](#) on 16 April. The guide updates the previous version, particularly in relation to Public Service Delivery and Reform; Roles, Responsibilities and Relationships; and Ethics and Standards of Behaviour. There is also a new section on induction guidance and training.

7. In early April ICAS published a memorandum of understanding with CIPFA covering the following areas:
- Technical policy activities;
 - Accountancy education;
 - Members services;
 - Regulation of members and, where appropriate, firms;
 - Staff and technical exchange and cooperation;
 - Research on public finance and accountancy initiatives;
 - Regulation of statutory and local public auditors, including qualification, licensing and supervision.

The education part of this initiative is an integrated qualification which is intended to meet the evolving needs of both public and corporate audit sectors. Successful completion of the new qualification will lead to dual designations from both institutes. Audit Scotland is considering the opportunities that the new qualification brings for the professional auditor trainee scheme.

Auditor General for Scotland:

8. The report on [Scotland's Colleges 2015](#) was recently published on 2 April. The report received widespread media coverage, including an editorial in the Times Education Supplement on 1 May on the state of Scotland's colleges and evidence was given at the most recent Public Audit Committee. The report has been downloaded 1786 times with 25 podcast listens.
9. The Public Audit Committee has published a draft [Memorandum of Understanding](#) between the Auditor General for Scotland and the Comptroller and Auditor General on the audit of the Scottish rate of income tax. The memorandum sets out a framework for collaborative working designed to ensure the Scottish Parliament receives assurance about the implementation and operation of the Scottish Rate of Income Tax.

Issues affecting local government

Scottish Government:

10. The Scottish Government and COSLA have established a cross party commission to examine new ways to fund local government. The [Commission on Local Tax Reform](#) was launched following a key recommendation from the Local Government and Regeneration Committees inquiry into the Flexibility and Autonomy in Local Government in Scotland. In doing so, the Commission will consider:
- The impacts on individuals, households and inequalities in income and wealth
 - The wider macro-economic, demographic and fiscal impacts, including housing market and land use
 - The administrative and collection arrangements that apply, including the costs of transition and subsequent operation
 - Potential timetables for transition, with due regard to the 2017 Local Government elections

- The impacts on supporting local democracy, including on the financial accountability and autonomy of Local Government
- The revenue raising capacity of the alternatives at both local authority and national levels.

The Commission has issued a call for written evidence. It is not proposed that the Commission submit a response to the call for evidence. Neither the Auditor General nor Audit Scotland have signalled their intention to respond.

Scottish Parliament

Parliamentary Committee News:

Local Government and Regeneration Committee:

11. The Committee has written to SOLACE and the Improvement Service following their evidence session on the local government benchmarking framework on 25 March requesting the following actions:
- The Committee requests that SOLACE and IS produce a report setting out ways in which local authorities are using the Framework data to improve the delivery of services to the public;
 - The Committee would welcome information on examples of how local authorities and COSLA are taking forward service improvements based on the Framework data;
 - The Committee would welcome confirmation from IS and SOLACE that all local authorities have reached a position where all of their data collection processes comply with the requirements of the Framework.

The Committee is also planning to raise this final issue with the Accounts Commission directly.

12. At its meeting on 25 April 2015, the Committee took evidence from local government pension funds as part of the Budget Strategy Phase 2016-17. Those who gave evidence were Chad Dawtry, Scottish Public Pensions Agency; Barry White, Scottish Futures Trust; Dave Watson, Unison Scotland, Peter Morris, Tameside Metropolitan Borough Council, Greater Manchester Pension Fund, Richard McIndoe, Glasgow City Council, Steven Whyte, Aberdeen City Council and Bryan Smail, Falkirk Council. This was to explore the lack of investment to date by Scottish local government pension funds in supporting capital infrastructure investment in Scotland. The Committee considered the evidence received and agreed to consider an approach paper on issues raised in due course.

Public Audit Committee:

13. At its meeting on 29 April the Committee took evidence on the Auditor General for Scotland report [Scotland's colleges 2015](#) from the Caroline Gardner, Fraser McKinlay, Susan Lovatt, Audit Manager, and Martin McLauchlan, Senior Auditor, Audit Scotland. The Committee agreed to write to the Scottish Charity Regulator on issues raised around arms length foundations (i.e. essentially arm's-length charitable bodies set up by colleges). The Committee will also seek oral evidence from colleges, regional boards, the Educational Institute of Scotland, the Scottish Funding Council, and the Scottish Government.
14. The Committee also considered a paper on the Auditor General for Scotland report [the 2012/13 audit of North Glasgow College](#). The Committee agreed the contents of a

letter to the Cabinet Secretary for Education and Lifelong Learning on issues raised in previous discussions.

15. On the 29 March the Committee considered an update on the Auditor General for Scotland report [the 2013/14 audit of the Scottish Government Consolidated Accounts: Common Agricultural Policy Futures programme](#). The Committee agreed to seek oral evidence from the Scottish Government and the European Commission at a future meeting.
16. At this meeting the Committee also took evidence on the [Scottish Government's March 2015 Major Capital Projects progress update](#) including from the Auditor General Scotland. The Committee agreed to write to the Scottish Government on issues raised in the discussion.

Infrastructure and Capital Investment Committee:

17. The Committee has been conducting an inquiry into freight transport in Scotland and took evidence from Derek Mackay, Minister for Transport and Islands, Freight Policy and Inland Waterways, Steven McMahon, the Head of Rail Strategy & Funding, and Chris Wilcock, Head of Ports and Harbours, Transport Scotland, Scottish Government at its meeting on 29 April 2015.
18. The Committee published a [letter](#) from the Convenor of the Public Audit Committee, Paul Martin, referring the Section 23 report on the Scottish Government's purchase of Glasgow Prestwick Airport to the Infrastructure and Capital Investment Committee.

Finance Committee:

19. At a meeting on 4 February, the Committee agreed to undertake an inquiry examining the proposals for a fiscal framework set out by the Smith Commission. The Commission has issued a call for evidence with a view to reporting before the summer recess. At the meeting on 29 April 2015, the Committee took evidence from Dr Angus Armstrong, National Institute of Economic and Social Research, Professor Charlie Jeffery, University of Edinburgh and Professor Nicola McEwen, Centre on Constitutional Change. The Committee has also published [written submissions](#) including from Audit Scotland.

Bills – Progress Updates:

20. Stage 1 of the [Air Weapons and Licensing \(Scotland\) Bill](#) (introduced 14 May 2014) was published on 23 March 2015. On 23 April, Stage 1 was debated by the Scottish Parliament.
21. The Harbours Bill was introduced on 18 March 2015 and the Infrastructure and Capital Investment Committee is taking evidence at Stage 1.
22. The following have recently become Acts:
 - The Bill for the [Welfare Funds \(Scotland\) Act 2015](#) received Royal Assent on 8 April 2015.
 - The [Budget \(Scotland\) \(No.4\) Bill](#) received Royal Assent on 11 March 2015.
 - The Bill for the [Community Charge Debt \(Scotland\) Act 2015](#) was passed at Stage 3 on 19 February 2015.

23. The following Bills have not progressed further since my last report:
- Consideration of the [Criminal Justice \(Scotland\) Bill](#) at Stage 2 is continuing.
 - Stage 3 consideration of the [Community Empowerment \(Scotland\) Bill](#) is due to take place in late April/early May 2015.
 - The [Education \(Scotland\) Bill](#) was introduced on 23 March 2015 with the Education and Culture Committee issuing a call for evidence at Stage 1.

Smith Commission - Updates:

24. At present, the Smith Commission's proposals are currently being considered within the Scottish and UK Parliaments, principally through the [Devolution \(Further Powers\) Committee](#) and [Scottish Affairs Committee](#) respectively.

COSLA, Improvement Service etc.:

25. On 28 April COSLA joined with all other UK local government associations to issue a joint statement demanding urgent action by whoever forms the next government to set out how powers will be devolved to local communities. The associations call on the next government to ensure that:
- Legislation in the first Queen Speech (including the Scotland Bill, the Wales Bill and an English Devolution Bill) is framed to empower local communities through councils, embeds the principle of subsidiarity and guarantees the devolution of powers beyond Westminster, Holyrood, Cardiff Bay and Stormont;
 - The European Charter of Local Self-Government, which sets out the principles of local democracy and was signed by the United Kingdom in 1997, forms part of our new constitutional settlement;
 - Any future Constitutional Convention on the future of the governance of the United Kingdom should guarantee seats around the table for the leaders of the four associations to ensure that the voices of local communities are heard.
26. There are a series of national seminars on Shared Lives taking place in late May and early June, organised by Shared Lives Plus, a UK network for family-based and small-scale ways of supporting adults. The seminars will focus on how to achieve real transformation changes by utilising a Shared Lives approach particularly for those over 65. Achieving better outcomes for people by improving performance across the new health and social care service will be a main area of discussion. Stephen Moore will attend from the Accounts Commission.

Current activity and news in Scottish local government:

General:

27. The Westminster government passed secondary legislation on 25 March which remove protections that require local authorities in England to appoint a Designated Independent Person (DIP) to review cases before senior officers holding statutory positions are dismissed. More information [here](#).

Individual councils:

28. The following paragraphs highlight current activity and news occurring in local government over the previous month as well as developing issues. The items are drawn from a range of sources including news articles, websites and media

summaries. Some of the more significant issues are highlighted in the following sections.

29. The Standards Commission enquiry into the letter on the referendum sent out with a council tax letter from Aberdeen City Council found that the councillors did not breach the code of conduct (more detail below).
30. The Scottish Parliament Justice Committee considered petition PA1510 on the closure of police, fire and non-emergency service centres north of Dundee and agreed to keep the petition open pending the publication of the Auditor General Scotland's review of Scottish fire and rescue services.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO):

31. The April newsletter [SPSO News – April](#) summarises March 2015 case numbers, outlines investigations reports, recent SPSO news and highlights emerging issues. The SPSO are laying four reports before the Scottish Parliament, all in relation to the NHS. More information on the SPSO's work, including detailed Investigations and decision reports, is available on the [Our findings](#) webpage. More detailed intelligence from the SPSO is considered on a six-monthly basis by the Financial Audit and Assurance Committee.

Commissioner for Ethical Standards in Public Life in Scotland:

32. Since the previous meeting of the Commission, four decisions on complaints relating to councillors was published by the [Commissioner](#). It was decided Councillor Tim Brett at Fife Council, Councillor William Young at Aberdeen City Council, Councillors Dick Walsh, James McQueen and Alex McNaughton at Argyll and Bute Council and Councillor Michael Bridgman at City of Edinburgh Council did not contravene the Councillor's Code of Conduct. It was also decided that Colin Kennedy, Vice Convener and Commissioner at the Crofting Commission, did not contravene the Crofting Commission's Code of Conduct. In cases where the Commissioner concludes that the Code had been contravened the complainant is referred to the Standards Commission for Scotland for further investigation. More detailed intelligence from the Commissioner is considered routinely by the Financial Audit and Assurance Committee.

Standards Commission for Scotland:

33. A Hearing Panel at the Standards Commission for Scotland, found that [Councillors Barney Crockett, Neil Cooney, Fraser Forsyth, Ross Grant, Jenny Laing, Ross Thomson and Willie Young](#) of Aberdeen City Council had not breached the Councillors Code of Conduct. This was in relation to a complaint alleging that following a decision of Aberdeen City Council's Urgent Business Committee on 11th March 2014 a letter providing broad budgetary information and setting out a number of policy initiatives in relation to the set budget was sent out with Council Tax bills issued by Aberdeen City Council.

Other UK Audit Bodies

Audit Commission:

34. A piece was written in [Public Finance](#) reflecting on the work of the Audit Commission as it ceased to exist, including comments and opinions on those involved in its beginning in 1983.

Wales Audit Office

35. The Wales Audit Office published on 2 April [The financial resilience of councils in Wales](#). The report found that councils in Wales are experiencing significant reductions in the level of funding they receive from the Welsh Government. So far, most councils have managed these cuts successfully but the scale of annual reductions is set to increase in the period leading up to 2015-16 and beyond. The Auditor General has concluded that the Auditor General has concluded that councils in Wales are under significant financial stress and have been active in meeting the challenge. However, the next few years will see increasing financial pressures and councils will need to improve strategic financial planning in order to effect transformation and protect their financial resilience.

Other general

36. On 23 April, Tower Hamlets Council mayor Lutfur Rahman was found in breach of election rules by an Election Court and removed from office. Four voters had alleged that he used “corrupt and illegal practices” in last year’s election, which must now be re-run. On 29 April, the Secretary of State for Communities, Eric Pickles, proposed additional intervention powers for existing commissioners to order the Council to take “any actions needed to safeguard good governance throughout the council until a new mayor and top officer team are in place and fully bedded in”. On 5 May, the acting mayor also stood down, citing a conflict of interest between the position and his employment with the Department of Work and Pensions.

Conclusion

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

Paul Reilly
Secretary to the Accounts Commission
6 May 2015

MEETING: 14 MAY 2015

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

COUNCIL FUNDING GAPS, 2015/16 TO 2017/18

Purpose

1. The purpose of this report is to provide Commission members with details of the budget shortfalls and funding gaps that councils are projecting over the next three years.

Background

2. The 2015 Overview of Local Government report found that councils are facing increasingly difficult financial challenges. In the three years to 2013/14, Scottish Government funding for councils reduced by 8.5 per cent (in real terms) to £10.3 billion. Councils are expecting further reductions in Scottish Government funding in the next few years, particularly in 2016/17 and 2017/18. Councils are also facing increasing demand for their services, mainly because people are living longer. Population projections indicate that the number of older people will increase considerably over the next 20 years, placing further demands on council services.
3. Increasing demand and funding reductions have led many councils to report a shortfall between their income and the cost of providing services over the next few years. For example, our 2014 Best Value report on the City of Edinburgh Council found that, based on a 2014/15 financial baseline, the council needs to make recurring annual savings of £138 million by 2017/18. It also highlighted that there is a gap of £67 million between the savings the council needs to make in 2017/18 and those already identified in its financial plans.
4. Our 2013/14 NHS in Scotland report found that health boards are facing similar financial challenges. Three territorial health boards (NHS Highland, NHS Orkney and NHS Tayside) had to request additional funding from the Scottish Government to help them break even against their 2013/14 revenue budgets. All health boards are predicting to break even or have a surplus at the end of 2014/15 however auditors have highlighted concerns about financial pressures in 2015/16. This includes funding gaps of £38.9 million and £30 million in NHS Greater Glasgow and Clyde and NHS Lothian respectively.
5. As part of this year's Local Government Overview we collated details about councils' funding gaps. We found that almost all councils were reporting funding gaps, however these covered different time periods and the information reported was on an inconsistent basis. This meant that although we were able to provide examples of individual council's funding gaps in the Overview report, we were unable to provide a complete picture and state the total funding gap across all councils.
6. The Commission therefore asked us to carry out some work to identify the funding gaps projected by councils to provide a clearer indication of the financial challenges they face in the next few years.

Our approach

7. We asked auditors to complete a template with data on their council's budgeted income, revenue expenditure, savings plans and use of reserves in the years 2015/16, 2016/17 and 2017/18. We asked them to provide the figures that were available when their council finalised its 2015/16 budget and to check this with their council's finance team before

submitting the completed template. To help ensure that the information submitted was as comparable as possible we defined:

- a **budget shortfall** as the difference between a council's budgeted annual income and revenue expenditure
- a **funding gap** as the deficit that remains after the council has identified measures, such as savings or using reserves, to address the budget shortfall.

8. Applying this definition to the City of Edinburgh Council example above means that, by 2017/18, the council:

- predicts a budget shortfall of £138 million
- has identified savings of £71 million
- has a funding gap of £67 million.¹

9. We received responses from all 32 local auditors. Almost all councils were able to provide details of their budgets for the three-year period. Three councils (Dundee City, Glasgow City and Renfrewshire) provided budget figures for 2015/16 only. A further three councils (East Ayrshire, Inverclyde and South Lanarkshire) provided figures for 2015/16 and 2016/17 only.² We have indicated in our analysis where council information was not available.

Key messages

10. We found that there are variations in how councils present budget information (details are set out in **Appendix 1**). This means it is difficult to calculate, on a consistent basis, the total funding gap facing councils in the next few years. It also means comparing information across councils should be treated with caution. Furthermore, it is difficult to understand the financial position in some individual councils as their budget shortfalls and/or funding gaps are not always clearly presented. Our Local Government Overview report emphasised the importance of councils having comprehensive and transparent financial information. This exercise has highlighted the need for greater transparency in terms of how councils present their budgets.

11. Thirty one councils are predicting a shortfall between their income and expenditure in each of the next three years.³ The total budget shortfall is projected to more than double between 2015/16 and 2017/18 (**Exhibit 1**). All councils are planning to reduce their budget shortfalls through making savings and just under half (14) are planning to use some of their reserves.

Exhibit 1

Total budget shortfalls and funding gaps in the next three years

	2015/16 Based on 32 councils	2016/17 Based on 29 councils	2017/18 Based on 26 councils
Total income	£12.7bn	£9.6bn	£8.5bn
Total expenditure	£13bn	£10.2bn	£9.1bn
Total budget shortfall	(£255m)	(£444.8m)	(£540m)
Total cumulative surplus / (gap) (after savings etc are applied)	£14.1m	(£106.8m)	(£228.3m)

¹ These are the 2014/15 financial baseline figures that were presented to the council's Finance and Resources Committee in May 2014. For the purposes of this paper we have used updated 2015/16 baseline figures (as at February 2015).

² These councils may have financial plans beyond this period but they have yet to be presented to councillors.

³ Aberdeen City Council reported no gap between its income and expenditure in 2015/16.

12. The total cumulative funding gap is projected to increase over the next three years, to £228.3 million. This is equivalent to 2.5 per cent of councils' anticipated revenue expenditure in 2017/18. There is wide variation in the cumulative funding gap projected by individual councils. The cumulative funding gap (as a percentage of 2017/18 budgeted revenue expenditure) ranges from 1.8 per cent in Highland and the City of Edinburgh to 14.1 per cent in Clackmannanshire. Due to the different ways that councils apply their funding gaps to their expenditure in the following year (ie, some councils add the funding deficit to the amount of expenditure required), comparing the funding gap as a percentage of budgeted revenue expenditure across councils should be treated with caution.

Detailed findings

13. **Appendix 2** sets out the financial position across all councils in 2015/16, 2016/17 and 2017/18. **Appendix 3** sets out the same information, but only for the 26 councils which have provided budget data for each of the three years, allowing a more reasonable comparison between years to be made. **Appendix 4** contains full details of each council's budget in each of the next three years. We have summarised in this paper details of:
- the shortfall between councils' income and expenditure and the actions that councils are taking to address this
 - the number of councils that are projecting a funding gap and the total funding gap across Scotland
 - the range of cumulative funding gaps facing councils (expressed as a percentage of their budgeted revenue expenditure).

Budget shortfalls and councils' plans to address these

14. Thirty one councils are predicting a shortfall between their income and expenditure in each of the next three years. The total predicted budget shortfalls are as follows:
- 2015/16 – Budget shortfall - £255 million (based on data from 32 councils)
 - 2016/17 - Budget shortfall - £444.8 million (based on data from 29 councils)
 - 2017/18 - Budget shortfall - £540 million (based on data from 26 councils)
15. All councils are planning to reduce their budget shortfall through making savings in at least one of the next three years, although in some cases councils have not yet fully identified how these savings will be made. Sixteen councils have reported the need to make savings to help balance their budgets in each of the next three years. Fourteen councils are planning to use some of their reserves to help meet budget shortfalls, with three councils (East Lothian, Orkney Islands and Shetland Islands) planning to do this in each of the next three years. We reported in the Local Government Overview that reserves can only be used once therefore they can not be used to fill funding gaps in the longer term. Six councils have identified other ways (such as increasing their income) to help reduce their budget shortfall.

Total funding gap across councils

16. Councils have a legal duty to balance their budgets each year. All councils have set a balanced budget or predicted that they will make a surplus in 2015/16. Eight councils have identified savings which exceed their budget shortfall meaning that overall in 2015/16 councils are predicting a funding surplus of £14.1 million.
17. Fifteen out of 29 councils predict that they will have a cumulative funding gap in 2016/17. The total cumulative funding gap across Scotland is estimated to be £106.8 million. By 2017/18 the total cumulative funding gap estimated by councils is expected to increase to £228.3 million. Ten councils predict that they will have a balanced budget in 2017/18 although four of these councils have not yet fully identified how they will make the savings they require to

balance their budgets. This may mean that the cumulative funding gap figure may be an underestimate.

18. [Exhibit 2](#) sets out details of the number of councils projecting funding surpluses, balanced budgets or funding gaps in the next three years.

Exhibit 2 – Cumulative surplus and funding gaps, 2015/16 to 2017/18

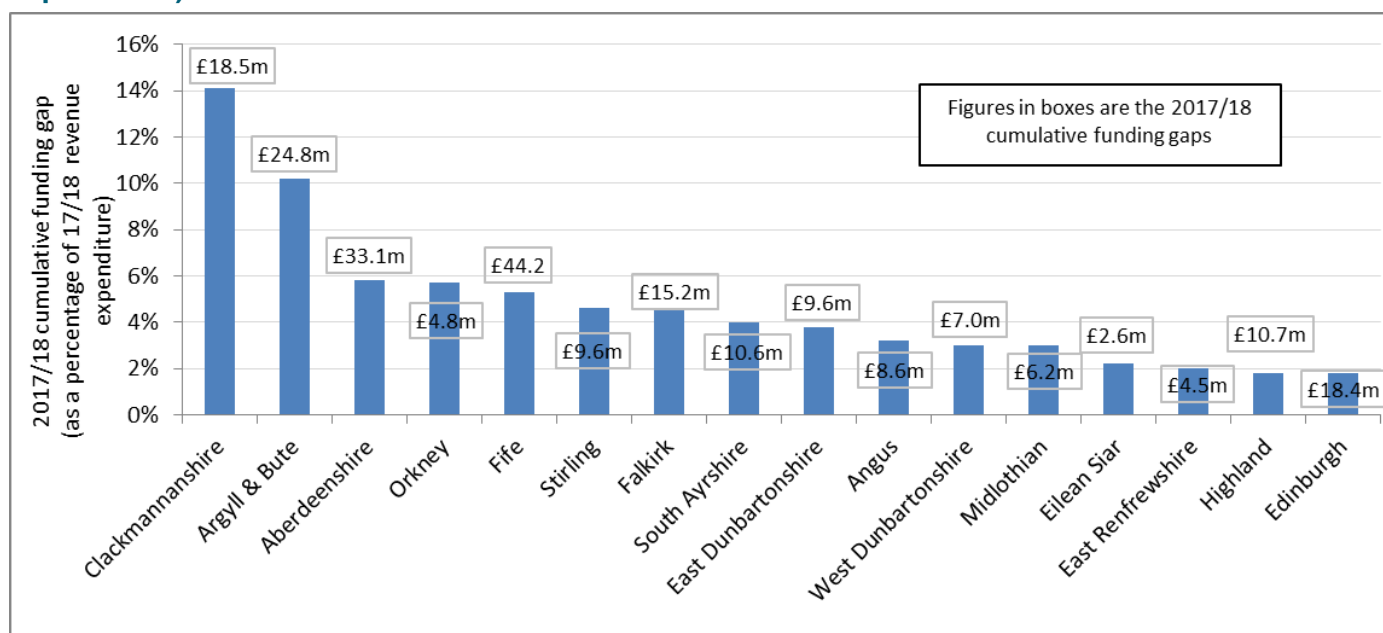
Year	2015/16	2016/17	2017/18
Councils predicting a cumulative funding gap	0	15	16
Councils predicting a balanced budget	24	12	10
Councils predicting a cumulative surplus	8	2	0
Councils which have not provided budget information	0	3	6
Total cumulative surplus / (gap)	£14.1m	(£106.8m)	(£228.3m)

Range of funding gaps across councils

19. Sixteen councils are predicting that they will have a cumulative funding gap in 2017/18. The total cumulative funding gap across Scotland is equivalent to 2.5 per cent of councils' 2017/18 budgeted revenue expenditure. Our Local Government Overview report highlighted that although direct comparisons with the financial position in England are not possible, it is clear that English councils have faced more severe funding cuts. Analysis by the Local Government Association in June 2014 showed that councils in England face a funding gap of £5.8 billion between March 2014 and the end of 2015/16, which is equivalent to 12.5 per cent of their total budgets.⁴
20. The cumulative funding gap in each council (as a percentage of budgeted revenue expenditure) ranges from 1.8 per cent in Highland and City of Edinburgh to 14.1 per cent in Clackmannanshire ([Exhibit 3](#)). Due to the different ways that councils apply their funding gaps to their expenditure the following year (ie some councils add the funding deficit to the amount of expenditure required), comparing the funding gap as a percentage of budgeted revenue expenditure across councils should be treated with caution.

⁴ *Future funding outlook 2014. Funding outlook for councils to 2019/20*, Local Government Association, June 2014.

Exhibit 3 – Cumulative funding gaps in 2017/18 (as a percentage of 2017/18 revenue expenditure)



Note: In 2017/18 ten councils are predicting a balanced budget. A further six councils have not prepared a budget for this year.

Implications for Commission work

21. The Commission is currently considering revising its strategy. At its recent Strategy Seminar, the Commission considered how the current financial climate affects its work, particularly around priorities for financial and Best Value audit activity. This paper should help inform the Commission’s considerations.
22. The Commission has previously expressed an interest in issues around the capacity of the finance function of councils. I have recently initiated an exercise along with local auditors to determine this across public bodies. This will help provide useful context for overview work across different sectors. As part of this exercise, I have asked councils’ auditors to provide me with information on their financial strategies and their budget monitoring and reporting arrangements. The results of this exercise, along with the findings from this report, will be shared with the Local Government Overview audit team to consider as part of the 2016 Overview report.

Conclusion

23. The Commission is invited to:
 - note this report
 - consider asking local auditors to engage with councils, and Audit Scotland to engage with CIPFA Directors of Finance, on the issues raised in this report.

Fraser McKinlay
Director of Performance Audit and Best Value
May 2015

Appendix 1 – Differences in the presentation of council’s budget information

This exercise has highlighted difference in the way that councils present budget information. This means that it is difficult to understand each council’s individual funding gap and to calculate the total funding gap facing all councils in the next few years. It also means that comparing information across councils should be treated with caution.

The three main differences in how councils present their budget information are set out below:

Issue	Details
Councils are not reporting funding gaps on a consistent basis	<p>Some councils have identified a budget shortfall but state this will be addressed by savings which have still to be identified. They have therefore not reported a funding gap.</p> <p>Other councils are reporting a funding gap if they have not yet identified how they will address their budget shortfall.</p>
There are differences in how savings are reflected in councils’ budgets	<p>Some councils present revenue expenditure figures that have been adjusted (ie reduced) to reflect their savings plans for the year.</p> <p>Other councils present their expenditure as the full cost of providing services and then set out, separately, the amount of savings that are required to balance the budget.</p>
There are differences in how councils apply funding gaps from one year to the next	<p>Some councils have applied the gap in their funding in 2016/17 to the amount of expenditure they need in 2017/18 (ie, they have increased their expenditure by the amount of the 2016/17 funding gap).</p> <p>Other councils have presented their expenditure in 2017/18 as the cost of providing services that year, and have added the funding gap from 2016/17 to the funding gap, if applicable, in 2017/18.</p>

Appendix 2 - Summary of all councils' budgets in 2015/16, 2016/17 and 2017/18

	2015/16 (Based on 32 councils' data)	2016/17 (Based on 29 councils' data)	2017/18 (Based on 26 councils' data)
Total budgeted income (£000)	12,732,180	9,754,327	8,532,789
Total budgeted revenue expenditure (£000)	12,987,211	10,199,165	9,072,842
Predicted budget shortfall (£000)	(255,031)	(444,838)	(540,053)
Plans to address shortfall -			
Planned savings (£000) (Percentage of the predicted shortfall)	216,348 (85%)	235,231 (53%)	219,813 (41%)
Use of reserves (£000) (Percentage of the predicted shortfall)	37,124 (15%)	17,796 (4%)	16,603 (3%)
Other, eg, unidentified savings or increased charges (£000) (Percentage of the predicted shortfall)	16,646 (7%)	75,202 (17%)	101,930 (19%)
Surplus / (Funding gap) - In Year (£000)	15,087¹	(94,920)²	(98,783)²
Surplus / (Funding gap) - Cumulative (£000)	14,102¹	(106,843)²	(228,260)²
Cumulative funding gap as a percentage of budgeted revenue expenditure	N/A	1%	2.5%

Note 1: The in-year surplus figure is higher than the cumulative surplus figure for 2015/16 as one council brought forward a deficit from 2014/15 to reduce their cumulative surplus in 2015/16.

Note 2: The in-year funding gap figures for 2016/17 and 2017/18 are not equal to the 'budget shortfall' figures plus the 'plans to address the shortfall' figures. This is due to the different ways councils apply their funding gap to their expenditure the following year. This also impacts on the cumulative funding gap figures. In addition, one council (Fife) only reports its funding gap on a cumulative basis.

Appendix 3 - Summary of 26 councils' budgets in 2015/16, 2016/17 and 2017/18

	2015/16	2016/17	2017/18
Total budgeted income (£000)	8,608,092	8,569,129	8,532,789
Total budgeted revenue expenditure (£000)	8,801,236	8,976,200	9,072,842
Predicted budget shortfall (£000)	(193,144)	(407,071)	(540,053)
Plans to address shortfall -			
Planned savings (£000) (Percentage of the predicted shortfall)	147,913 (77%)	203,775 (50%)	219,813 (41%)
Use of reserves (£000) (Percentage of the predicted shortfall)	37,124 (19%)	17,796 (4%)	16,603 (3%)
Other, eg, unidentified savings or increased charges (£000) (Percentage of the predicted shortfall)	16,421 (9%)	75,202 (18%)	101,930 (19%)
Surplus / (Funding gap) - In Year (£000)	8,314	(88,609)	(98,783)
Surplus / (Funding gap) - Cumulative (£000)	8,314	(106,268)	(228,260)
Cumulative funding gap as a percentage of budgeted revenue expenditure	N/A	1.2%	2.5%

Note: Excludes data from the following councils: East Ayrshire, Inverclyde and South Lanarkshire, which have provided budget figures for 2015/16 and 2016/17 only, and Dundee City, Glasgow City and Renfrewshire which have provided budget figures for 2015/16 only.

Note: The in-year funding gap figures for 2016/17 and 2017/18 are not equal to the 'budget shortfall' figures plus the 'plans to address the shortfall' figures. This is due to the different ways councils apply their funding gap to their expenditure the following year. This also impacts on the cumulative funding gap figures. In addition, one council (Fife) only reports its funding gap on a cumulative basis.

Appendix 4 – Council’s budgets in 2015/16, 2016/17 and 2017/18

	Year	Total budgeted income (£000)	Total budgeted revenue expenditure (£000)	Predicted Budget Shortfall (£000)	Planned savings (£000)	Use of reserves (£000)	Unidentified savings (£000)	Other (£000)	(FUNDING GAP) / SURPLUS - In Year (£000)	(FUNDING GAP) / SURPLUS - Cumulative (£000)
Aberdeenshire Council	2015/16	532,128	535,793	-3,665	3,665				0	0
	2016/17	534,578	555,804	-21,226	3,665				-17,561	-17,561
	2017/18	535,828	572,607	-36,779	3,665				-15,553	-33,114
Aberdeen City Council	2015/16	455,565	455,565	0					0	0
	2016/17	457,759	475,111	-17,352			17,352		0	0
	2017/18	460,535	490,566	-30,031			30,031		0	0
Angus Council	2015/16	251,483	253,192	-1,709	5,586				3,877	3,877
	2016/17	248,628	262,607	-13,979	12,375				-1,604	2,273
	2017/18	245,815	269,036	-23,221	12,375				-10,846	-8,573
Argyll and Bute Council	2015/16	244,385	246,053	-1,668	1,822				154	154
	2016/17	237,085	225,585	-11,500					-11,500	-11,346
	2017/18	229,785	243,285	-13,500					-13,500	-24,846
City of Edinburgh Council	2015/16	948,744	975,129	-26,385	25,164	1,221			0	0
	2016/17	946,081	1,006,145	-60,064	33,536	-2,860		10,500	-18,888	-18,888
	2017/18	950,804	1,032,472	-81,668	39,970	-2,400		25,700	490	-18,398
Clackmannanshire Council	2015/16	115,211	121,965	-6,754	3,017	3,737			0	0
	2016/17	114,047	125,618	-11,571					-11,571	-11,571
	2017/18	112,441	130,913	-18,472					-6,901	-18,472
Comhairle nan Eilean Siar	2015/16	109,793	113,554	-3,761	2,274	1,487			0	0
	2016/17	108,406	113,121	-4,715	2,400	513	1,150		-652	-652
	2017/18	107,043	110,598	-3,555	0	0	1,750		-1,805	-2,457
Dumfries & Galloway	2015/16	345,074	353,414	-8,340	8,180		160		0	0

	Year	Total budgeted income (£000)	Total budgeted revenue expenditure (£000)	Predicted Budget Shortfall (£000)	Planned savings (£000)	Use of reserves (£000)	Unidentified savings (£000)	Other (£000)	(FUNDING GAP) / SURPLUS - In Year (£000)	(FUNDING GAP) / SURPLUS - Cumulative (£000)
Council	2016/17	344,336	365,260	-20,924	14,382		6,542		0	0
	2017/18	343,598	375,861	-32,263	17,929		14,334		0	0
Dundee City Council	2015/16	349,944	353,254	-3,310	3,310	0			0	0
	2016/17									
East Ayrshire Council	2015/16	326,871	332,301	-5,430	9,564				4,134	3,149
	2016/17	325,950	337,356	-11,406	8,393				-3,013	136
	2017/18									
East Dunbartonshire Council	2015/16	235,574	238,286	-2,712	1,868		844		0	0
	2016/17	234,396	246,495	-12,099	5,619				-5,636	-6,480
	2017/18	231,532	251,510	-19,978	10,377				-3,121	-9,601
East Lothian Council	2015/16	221,143	224,327	-3,184	1,839	1,345			0	0
	2016/17	222,069	227,007	-4,938	2,343	2,595			0	0
	2017/18	222,839	225,445	-2,606	1,611	995			0	0
East Renfrewshire Council	2015/16	221,028	226,151	-5,123	6,133	0			1,010	1,010
	2016/17	219,574	226,051	-6,477	6,362	0			-115	-115
	2017/18	216,287	225,599	-9,312	4,792	0			-4,520	-4,520
Falkirk Council	2015/16	334,830	347,230	-12,400	10,000	400		2,000	0	0
	2016/17	331,887	350,287	-18,400	10,100			8,300	0	0
	2017/18	326,118	341,318	-15,200					-15,200	-15,200
Fife Council	2015/16	773,840	782,654	-8,814	8,814	0			0	0
	2016/17	761,193	805,842	-44,649	23,803	0				-20,846
	2017/18	749,921	829,712	-79,791	35,621	0				-44,170
Glasgow City	2015/16	2,198,632	2,227,532	-28,900	28,727			225	52	52

	Year	Total budgeted income (£000)	Total budgeted revenue expenditure (£000)	Predicted Budget Shortfall (£000)	Planned savings (£000)	Use of reserves (£000)	Unidentified savings (£000)	Other (£000)	(FUNDING GAP) / SURPLUS - In Year (£000)	(FUNDING GAP) / SURPLUS - Cumulative (£000)
Council	2016/17									
	2017/18									
The Highland Council	2015/16	570,388	588,347	-17,959	17,409	550			0	0
	2016/17	571,332	586,467	-15,135	10,185	467			-4,483	-4,483
	2017/18	572,284	584,820	-12,536	6,313	0			-6,223	-10,706
Inverclyde Council	2015/16	195,646	193,059	2,587					2,587	2,587
	2016/17	193,046	196,344	-3,298					-3,298	-711
	2017/18									
Midlothian Council	2015/16	194,996	197,091	-2,095	1,526			3,333	2,764	2,764
	2016/17	193,640	204,340	-10,700	3,842			5,585	-1,273	-1,273
	2017/18	192,340	208,940	-16,600	5,167			6,488	-4,945	-6,218
Moray Council	2015/16	195,801	196,597	-796		796			0	0
	2016/17	193,680	203,167	-9,487	1,140		8,347		0	0
	2017/18	191,490	198,450	-6,960	380		6,580		0	0
North Ayrshire Council	2015/16	320,330	324,751	-4,421	4,421	0			0	0
	2016/17	320,816	326,802	-5,986	5,987	0			0	0
	2017/18	320,816	329,853	-9,037	9,036	0			0	0
North Lanarkshire Council	2015/16	725,438	749,275	-23,837	14,737	9,100			0	0
	2016/17	724,303	755,795	-31,492	22,392		9,100		0	0
	2017/18	716,696	757,785	-41,089	31,989		9,100		0	0
Perth & Kinross Council	2015/16	322,988	332,117	-9,129		9,129			0	0
	2016/17	325,688	338,151	-12,463	11,550	913			0	0
	2017/18	327,988	339,223	-11,235	11,800	-565			0	0
Orkney Islands	2015/16	78,000	82,300	-4,300	500	3,800			0	0

	Year	Total budgeted income (£000)	Total budgeted revenue expenditure (£000)	Predicted Budget Shortfall (£000)	Planned savings (£000)	Use of reserves (£000)	Unidentified savings (£000)	Other (£000)	(FUNDING GAP) / SURPLUS - In Year (£000)	(FUNDING GAP) / SURPLUS - Cumulative (£000)
Council	2016/17	76,600	82,800	-6,200	0	3,800			-2,400	-2,400
	2017/18	75,200	83,800	-8,600	2,400	3,800			-2,400	-4,800
Renfrewshire Council	2015/16	375,760	384,988	-9,228	9,228	0			0	0
	2016/17									
Scottish Borders Council	2015/16	250,151	257,707	-7,556	7,838	-692		410	0	0
	2016/17	251,505	256,744	-5,239	5,643	-449		45	0	0
	2017/18	252,437	258,006	-5,569	5,372	153		44	0	0
Shetland Islands Council ¹	2015/16	94,735	112,986	-18,251	3,326	5,251		9,674	0	0
	2016/17	91,633	112,989	-21,356	1,803	11,272		8,281	0	0
	2017/18	89,219	113,741	-24,522	1,999	14,620		7,903	0	0
South Ayrshire Council	2015/16	260,542	265,042	-4,500	3,500	1,000			0	0
	2016/17	259,981	268,815	-8,834	4,653	0			-4,181	-4,181
	2017/18	260,331	266,730	-6,399	0	0			-6,399	-10,580
South Lanarkshire Council	2015/16	677,235	694,841	-17,606	17,606	0			0	0
	2016/17	666,202	689,265	-23,063	23,063	0			0	0
	2017/18									
Stirling Council	2015/16	208,428	208,610	-182	182				0	0
	2016/17	207,020	211,896	-4,876	384				-4,492	-4,492
	2017/18	205,628	211,160	-5,532	388				-5,144	-9,636
West Dunbartonshire Council	2015/16	218,050	223,458	-5,408	5,917				509	509
	2016/17	211,300	227,610	-16,310	10,512	1,545			-4,253	-4,253
	2017/18	212,576	229,924	-17,348	10,379				-2,716	-6,969
West Lothian	2015/16	379,447	389,642	-10,195	10,195				0	0

	Year	Total budgeted income (£000)	Total budgeted revenue expenditure (£000)	Predicted Budget Shortfall (£000)	Planned savings (£000)	Use of reserves (£000)	Unidentified savings (£000)	Other (£000)	(FUNDING GAP) / SURPLUS - In Year (£000)	(FUNDING GAP) / SURPLUS - Cumulative (£000)
Council	2016/17	381,592	392,691	-11,099	11,099				0	0
	2017/18	383,238	391,488	-8,250	8,250				0	0
TOTAL	2015/16	12,732,180	12,987,211	-255,031	216,348	37,124	1,004	15,642	15,087	14,102
	2016/17	9,754,327	10,199,165	-444,838	235,231	17,796	42,491	32,711	94,920	106,843
	2017/18	8,532,789	9,072,842	-540,053	219,813	16,603	61,795	40,135	98,783	228,260

Note 1: Shetland Island Council excludes the savings it needs to make from its published 'Total Budgeted Revenue Expenditure' figures. For the purposes of this exercise we have added its required savings figures of £3,326 in 2015/16, £1,803 in 2016/17 and £1,999 in 2017/18 into the expenditure figures in the table above.

MEETING: 14 MAY 2015

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

FREEDOM OF INFORMATION PUBLICATION SCHEME

Purpose

1. This report invites the Commission to approve a revised Freedom of Information publication scheme and its submission to the Scottish Information Commissioner (SIC) for re-approval for the period 31 May 2015 to 31 May 2019.

Background

2. The Accounts Commission, along with Audit Scotland and the Auditor General are subject to the Freedom of Information (Scotland) Act 2002 (FOISA).
3. FOISA requires Scottish public authorities to adopt and maintain a publication scheme in order to comply with section 23(1) of the Act. Under the scheme they have a legal obligation to:
 - (i) publish the classes of information that they make routinely available
 - (ii) tell the public how to access the information they publish and whether information is available free of charge or on payment.
4. The current publication scheme which was last approved in 2011 expires on 31 May 2015. It covers all three bodies and is available on our website.

Publication scheme 2015 - 2019

5. Public authorities are encouraged to adopt the Model Publication Scheme (MPS) although they may design their own. We have adopted the MPS in previous years and it is recommended that the Commission adopt the 2015 MPS.
6. The MPS contains eight classes of information. These describe types of information that the authority makes available under the headings of:
 1. About the authority.
 2. How we deliver our functions and services.
 3. How we take decisions and what we decide.
 4. What we spend and how we spend it.
 5. How we manage our human, physical and information resources.
 6. How we procure goods and services from external providers.
 7. How we are performing.
 8. Our Commercial publications.
7. The Scottish Information Commissioner gives details about the information she expects authorities to publish under each class in their 2015 MPS. However, the Commissioner's lists are not exhaustive or restrictive. The Accounts Commission therefore must agree the information to be held within each class description.
8. The Commissioner's list of information she expects to be published has greatly changed since the 2011 MPS. Bodies are expected to publish more corporate

and operational information than in previous years eg memoranda of understanding with other public bodies, many corporate policies including standing orders, health & safety, discipline and grievance, expenses, etc, financial information including budgeting at key policy/function/service levels, and pay and grading structures.

9. Audit Scotland's management team and Board have recently approved the draft scheme.

Recommendation

10. The Commission is invited to approve our publication scheme and its submission to the Scottish Information Commissioner for approval.

Paul Reilly
Secretary to Accounts Commission
6 May 2015

Appendix 1: Guide to information available through our publication scheme

The Freedom of Information (Scotland) Act 2002 (the Act) requires Scottish public authorities to produce and maintain a publication scheme. Authorities are under a legal obligation to:

- publish the [classes of information](#) that they make routinely available
- tell the public how to access the information and what it might cost.

The Accounts Commission, Auditor General and Audit Scotland have adopted the Model Publication Scheme 2015 produced by the Scottish Information Commissioner. This scheme has been approved until 31 May 2019. The scheme and the information available through it form part of this document.

The purpose of this guide to information is to:

- help the public to see what information is available (and what is not available) in relation to each [class](#);
- state what charges may be applied;
- explain how to find the information easily;
- provide contact details for enquiries and to get help with accessing the information;
- explain how to request information we hold that has not been published.

Availability and formats

The information we publish through the model scheme is, wherever possible, available on our website. We offer alternative arrangements for people who do not want to, or cannot, access the information online or by inspection at our offices. For example, we can usually arrange to send information to you in paper copy on request (although there may be a charge for this).

Exempt information

We will publish the information we hold that falls within the [classes of information](#). If a document contains information that is exempt under the Act (for example sensitive personal information or a trade secret), we may withhold the information or provide a redacted version. We will however explain why we have done so.

Copyright and re-use

Where we hold the copyright to the published information, the information may be copied, reproduced or re-used without formal permission, provided that:

- it is copied or reproduced accurately;
- it is not used in a misleading context, and;
- the source of the material is identified.

Where we do not hold the copyright in information we publish, we will make this clear.

Charges

This section explains when we may make a charge for our publications and how any charge will be calculated.

There is no charge to view or download information from our website or to view information at our offices. Prior arrangements must be made to view information at our offices.

We may charge for costs associated with supplying information, but we will charge you no more than it actually costs us to do so. We will always tell you what the cost is before providing the information to you. Our photocopying charges are shown in the tables below:

Black and white photocopying charges	
Size of paper	Pence per side
A3	10p
A4	5p
Colour photocopying charges	
Size of paper	Pence per side
A4	20p

Information provided on USB flashdrives will be charged at £1 per 1GB flashdrive.

Postage costs will be calculated at the rate payable to us to send the information to you by Royal Mail First Class.

Contact us

You can contact us for advice and assistance with any aspect of this publication scheme. We can also advise you how to ask for information that we do not publish or how to complain if you are dissatisfied with any aspect of this publication scheme. Contact us using the information below:

Tel: 0131 625 1500

Email: info@audit-scotland.gov.uk

In writing:

Alex Devlin

Audit Scotland

110 George Street

Edinburgh
EH2 4LH

The classes of information that we publish

We publish information that we hold within the classes agreed in the model [publication scheme](#). Once information is published under a class, we will continue to make it available for the current year and for the previous two financial years where this is possible.

Where information has been updated or superseded, mostly the current version will only be available. If you would like to see a previous version, you may make a request to us for that information.

List of classes (jump to a particular section)

1. About us
2. How we deliver our functions and services
3. How we take decisions and what we have decided
4. What we spend and how we spend it
5. How we manage our human, physical and information resources
6. How we procure goods and services from external providers
7. How we are performing
8. Our commercial publications

FOI Publication Scheme 2015

The table below has been used to show information/documents that is/could/should be included in our new publication scheme against the Scottish Information Commissioner's requirements under each class.

Class 1: About the authority		
Description Information about the authority, who we are, where to find us, how to contact us, how we are managed and our external relations		
The Commissioner expects authorities to publish the following information, as a minimum		
<i>General information about the authority</i>	Information/document title	Link to document website or comment
<ul style="list-style-type: none"> • Authority name, address and contact details for headquarters and principal offices • Organisational structure, roles and responsibilities of senior officers • Business opening hours • Contact details for customer care and complaints functions • Customer codes or charters • The authority's Guide to Information and a link to the Single Model Publication Scheme 2015 • Charging schedule for 	Enabling legislation for Auditor General	http://www.legislation.gov.uk/ukpga/1973/65/contents
	Enabling legislation for Accounts Commission	http://www.legislation.gov.uk/ukpga/1998/46/contents
	Enabling legislation for Audit Scotland	http://www.legislation.gov.uk/asp/2000/1/contents
	The powers and obligations of the Accounts Commission, Auditor General and Audit Scotland.	To be added to the publication scheme and published on our website
	Public Audit in Scotland	T o be added to the publication scheme and published on our website
Office addresses, opening hours and contact details for the Accounts Commission, Auditor General and Audit Scotland.	http://www.audit-scotland.gov.uk/contact/	

<p>published information</p> <ul style="list-style-type: none"> • Contact details and advice about how to request information from the authority • Charging schedule for environmental information provided in response to requests under the EIRs (if the authority charges for environmental information) • Constitution • Legal framework for the authority, including constitution, articles of association or charter 	<p>About:</p> <ul style="list-style-type: none"> • Accounts Commission • Auditor General • Audit Scotland <p>Freedom of information requests</p> <p>Freedom of information publication scheme</p> <p>Complaints about the Accounts Commission, Auditor General and Audit Scotland.</p>	<p>http://www.audit-scotland.gov.uk/about/ac/</p> <p>http://www.audit-scotland.gov.uk/about/ags/</p> <p>http://www.audit-scotland.gov.uk/about/</p> <p>http://www.audit-scotland.gov.uk/foi/</p> <p>http://www.audit-scotland.gov.uk/foi/</p> <p>http://www.audit-scotland.gov.uk/utilities/complaints_as.php</p>
<p><i>How the authority is run</i></p>	<p>Information/document title</p>	<p>Link to document in ishare/website</p>
<ul style="list-style-type: none"> • Description of governance structure, Board, committees and other decision making structures • Names, responsibilities and (work-related) biographical details of the people who make strategic and operational decisions about the performance of function and/or delivery of services by the authority e.g. Board 	<p>Accounts Commission members and notice of interests</p> <p>Auditor General</p> <p>Audit Scotland Board, senior managers and notice of interests</p> <p>Audit Scotland members' code of conduct</p> <p>Accounts Commission</p>	<p>http://www.audit-scotland.gov.uk/about/ac/members.php</p> <p>http://www.audit-scotland.gov.uk/about/ags/</p> <p>http://www.audit-scotland.gov.uk/about/as/people.php</p> <p>http://www.audit-scotland.gov.uk/about/docs/as_code_of_conduct_2014-2.pdf</p> <p>http://www.audit-scotland.gov.uk/about/docs/ac_code_conduct_2014.pdf</p>

<p>members, chief officers</p> <ul style="list-style-type: none"> Governance policies, including standing orders, code of conduct and register of interests 	<p>members' code of conduct</p> <p>Staff code of conduct</p> <p>Accounts Commission Standing Orders</p> <p>Audit Scotland Standing Orders</p> <p>Counter Fraud Policy</p> <p>Ethical Standards policy</p> <p>Hospitality and gifts register for Board and senior managers</p>	<p>To be added to the publication scheme and published on our website</p> <p>http://www.audit-scotland.gov.uk/about/ac/standing_orders.php</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>http://www.audit-scotland.gov.uk/about/as/expenses.php#gifts</p>
<p><i>Corporate planning</i></p>	<p>Information/document title</p>	<p>Link to document in ishare/website</p>
<ul style="list-style-type: none"> Mission statement Corporate plan/ strategy Corporate strategies e.g., for economic development, etc. Corporate policies, e.g., health and safety, equality, sustainability Strategic planning processes 	<p>Accounts Commission strategy</p> <p>Audit Scotland corporate plan</p> <p>Health & Safety Policy</p> <p>Diversity and equality publications for the Accounts Commission</p> <p>Diversity and equality publications for Audit Scotland</p> <p>Diversity and Equality Policy</p>	<p>http://www.audit-scotland.gov.uk/docs/corp/2013/ac_strategy_1316.pdf</p> <p>Awaiting publication of new corporate plan 2015-18</p> <p>To be added to the publication scheme and published on our website</p> <p>http://www.audit-scotland.gov.uk/about/ac/diversity.php</p> <p>http://www.audit-scotland.gov.uk/about/as/diversity.php</p> <p>To be added to the publication scheme and published on our website</p>

	<p>Equal pay policy</p> <p>Equal pay policy statement</p> <p>Whistleblowing Policy</p>	<p>To be added to the publication scheme and published on our website</p> <p>http://www.audit-scotland.gov.uk/docs/corp/2011/as_1104_equal_pay</p> <p>To be added to the publication scheme and published on our website</p>
<i>External relations</i>	Information/document title	Link to document in ishare/website
<ul style="list-style-type: none"> Accountability relationships, including reports to regulators Internal and external audit arrangements Subsidiary companies (wholly and part owned) and other significant financial interests Strategic agreements with other bodies 	<p>Internal audit plan</p> <p>External audit plan and audit report/mgt letter</p> <p>Memoranda with other bodies:</p> <ul style="list-style-type: none"> Police investigations and review Commissioner HM Inspectorate of Constabulary in Scotland HM Fire Services Inspectorate in Scotland Department of work and pensions (DWP) <p>Media news centre on behalf of the Accounts Commission, Auditor General and Audit Scotland:</p> <ul style="list-style-type: none"> Press releases News letters 	<p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>http://www.audit-scotland.gov.uk/work/scrutiny/memoranda.php</p> <p>http://www.audit-scotland.gov.uk/work/scrutiny/docs/as_130718_pirc_memorandum.pdf</p> <p>http://www.audit-scotland.gov.uk/work/scrutiny/docs/as_140925_hmics_memorandum.pdf</p> <p>http://www.audit-scotland.gov.uk/work/scrutiny/docs/as_130422_hmfsi_memorandum.pdf</p> <p>http://www.audit-scotland.gov.uk/docs/local/2014/mou_department_work_pensions_2014.pdf</p> <p>http://www.audit-scotland.gov.uk/media/index.php</p>

	<ul style="list-style-type: none"> • Twitter policy 	http://www.audit-scotland.gov.uk/media/pressrelease.php http://www.audit-scotland.gov.uk/media/newsletters/index.php http://www.audit-scotland.gov.uk/media/twitter.php
--	--	---

Class 2: How we deliver our functions and services

Description
Information about our work, our strategy and policies for delivering functions and services and information for our service users.

The Commissioner expects authorities to publish the following information, as a minimum

<i>Functions</i>	Information/document title	Link to document in ishare/website
<ul style="list-style-type: none"> • Description of functions, including statutory basis for them, where applicable • Strategies, policies and internal staff procedures for performing statutory functions • How to apply for a licence, warrant, grant, etc. where it is a function of the authority to approve • How to report a concern to the authority • Reports of the authority's exercise of its statutory 	<p>The powers and obligations of the Accounts Commission, Auditor General and Audit Scotland.</p> <p>Audit Scotland accessibility policy</p> <p>Foreign language requests</p> <p>Complaints about the Accounts Commission, Auditor General and Audit Scotland.</p> <p>Concerns about the organisations we audit</p> <p>Whistleblowing</p>	<p>To be added to the publication scheme and published on our website</p> <p>http://www.audit-scotland.gov.uk/about/docs/as_accessibility_policy.pdf</p> <p>http://www.audit-scotland.gov.uk/utilities/access.php#formats</p> <p>http://www.audit-scotland.gov.uk/utilities/complaints_as.php</p> <p>http://www.audit-scotland.gov.uk/utilities/complaints_bodies.php</p> <p>http://www.audit-scotland.gov.uk/utilities/whistleblowing.php</p>

<p>functions</p> <ul style="list-style-type: none"> • Statutory registers (NB not if inspection-only) • Fees and charges for performance of the authority's function e.g., fee for making a planning application, etc. 	<p>Complaints about the standards of a member of the Accounts Commission</p> <p>Code of Audit Practice (new version due)</p> <p>Annual audit reports, impact reports, performance reports, statutory reports from the Accounts Commission, Auditor General and Audit Scotland:</p> <ul style="list-style-type: none"> • Health • Local government • Central government • Best value <p>Community planning partnerships</p> <p>Future performance audits</p> <p>Our audit report process</p> <p>Audited bodies and appointed auditors for financial audits</p> <p>National Fraud Initiative publications, audit reports, privacy notice and codes</p>	<p>http://www.audit-scotland.gov.uk/utilities/complaints_ac.php</p> <p>http://www.audit-scotland.gov.uk/docs/corp/2011/110520_codeofauditpractice.pdf</p> <p>http://www.audit-scotland.gov.uk/work/health_national.php</p> <p>http://www.audit-scotland.gov.uk/work/local_national.php</p> <p>http://www.audit-scotland.gov.uk/work/central_national.php</p> <p>http://www.audit-scotland.gov.uk/work/bestvalue_home.php?year=2013</p> <p>http://www.audit-scotland.gov.uk/work/scrutiny/cpp.php</p> <p>http://www.audit-scotland.gov.uk/work/forwardwork.php?year=2014</p> <p>http://www.audit-scotland.gov.uk/about/as/process.php</p> <p>http://www.audit-scotland.gov.uk/about/as/audits.php</p> <p>http://www.audit-scotland.gov.uk/work/nfi.php</p>
--	--	--

	Local government statutory performance indicator information to 2012/13	
	Local government statutory performance guide and direction	http://www.audit-scotland.gov.uk/performance/
	Housing benefit audit information and reports	http://www.audit-scotland.gov.uk/performance/direction.php
	HB performance audit risk assessments	http://www.audit-scotland.gov.uk/work/housingbenefits.php
	Best value toolkits	To be added to the publication scheme and published on our website
	Local scrutiny plans	
	National scrutiny plan for local government	http://www.audit-scotland.gov.uk/work/toolkits/index.php
	Planning Guidance	http://www.audit-scotland.gov.uk/work/scrutiny/aip.php
	Fees and Charges	http://www.audit-scotland.gov.uk/work/scrutiny/schedule.php
	Audit Scotland blogs	To be added to the publication scheme and published on our website
		To be added to the publication scheme and published on our website
		http://www.audit-scotland.gov.uk/good_practice/blog.php
<i>Services</i>	Information/document title	Link to document in ishare/website
• List of services, including	Technical guidance and support	http://www.audit-scotland.gov.uk/work/technical_guidance.php

<p>statutory basis for them, where applicable</p> <ul style="list-style-type: none"> • Service policies and internal staff procedures, including allocation, quality and standards • Service schedules and delivery plans • Information for service users, including how to access the services • Service fees and charges, including bursaries 	<p>to auditors:</p> <ul style="list-style-type: none"> • Notes for guidance • Grant notes • Technical bulletins • Good practice notes <p>Forthcoming publications</p> <p>Inspection and deadlines for objections to local government unaudited accounts</p>	<p>http://www.audit-scotland.gov.uk/work/technical_guidance.php#reports</p> <p>http://www.audit-scotland.gov.uk/work/technical_guidance.php#grant</p> <p>http://www.audit-scotland.gov.uk/work/technical_guidance.php#bulletins</p> <p>http://www.audit-scotland.gov.uk/work/technical_guidance.php#goodpractice</p> <p>http://www.audit-scotland.gov.uk/work/forwardwork.php?year=2014</p> <p>http://www.audit-scotland.gov.uk/foi/accounts.php</p>
---	---	---

Class 3: How we take decisions and what we decided

Description
Information about the decisions we take, how we make decisions and how we involve others.

The Commissioner expects authorities to publish the following information, as a minimum

<ul style="list-style-type: none"> • Decision making • Decisions taken by the organisation: agendas, reports and papers provided for consideration and minutes of Board (or equivalent) meetings • Public consultation and engagement strategies 	<p>Audit Scotland minutes:</p> <ul style="list-style-type: none"> • Board • Audit Committee • Management Team • Remuneration & human resource committee <p>Accounts Commission minutes:</p>	<p>http://www.audit-scotland.gov.uk/about/as/minutes.php</p> <p>http://www.audit-scotland.gov.uk/about/as/minutes_audit.php</p> <p>http://www.audit-scotland.gov.uk/about/as/minutes.php</p> <p>To be added to the publication scheme and published on our website</p> <p>http://www.audit-scotland.gov.uk/about/ac/minutes.php</p>
---	---	---

<ul style="list-style-type: none"> • Reports of regulatory inspections, audits and investigations carried out by the authority 	<ul style="list-style-type: none"> • Financial audit and assurance committee • Performance audit committee 	<p>Not currently posted permanently to website in a committee section, but available as a meeting paper prior to Commission meeting but have to trawl through previous meeting papers to find them. (Note: This will go to the Accounts Commission May meeting for discussion and decision)</p>
---	--	---

Class 4: What we spend and how we spend it

Description
Information about our strategy for, and management of, financial resources (in sufficient detail to explain how we plan to spend public money and what has actually been spent).

The Commissioner expects authorities to publish the following information, as a minimum

	Information/document title	Link to document in ishare/website
<ul style="list-style-type: none"> • Financial statements, including annual accounts, any regular statements e.g. quarterly budget statements. • Financial statements required by statute e.g., sections 31 and 33 of the Public Service Reform (Scotland) Act 2010, if applicable to the authority • Financial policies and procedures for budget allocation • Budget allocation to key policy / function / service areas • Purchasing plans and capital 	<p>Annual report and accounts</p> <p>Expenditure statements under the Public Services Reform (Scotland) Act.</p> <p>Audit Scotland Board and senior managers expenses</p> <p>Accounts Commission members expenses</p> <p>Travel & Expenses Policy</p> <p>Salary and grading structure</p> <p>SCPA submission</p>	<p>http://www.audit-scotland.gov.uk/about/as/docs.php</p> <p>http://www.audit-scotland.gov.uk/about/as/expenses.php</p> <p>http://www.audit-scotland.gov.uk/about/as/expenses.php#gifts The new requirement goes further than we currently publish (Finance are looking at alternative reporting for compliance)</p> <p>We do not publish this information other than for the Chair as part of the Board reporting. Commission May meeting for discussion.</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p>

<p>funding plans</p> <ul style="list-style-type: none"> • Financial administration manual / internal financial regulations • Expenses policies and procedures • Senior staff / board member expenses at category level e.g., travel, subsistence and accommodation • Board member remuneration other than expenses • Pay and grading structure (levels of pay rather than individual salaries) • Investments, summary information about endowments, investments and authority pension fund • Funding awards available from the authority, how to apply for them and funding awards made by the authority 	<p>Standing Orders</p> <p>Financial Regulations</p> <p>Scheme of Delegation</p> <p>Quarterly budget statements</p>	<p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p>
---	--	---

Class 5: How we manage our human, physical and information resources

Description
Information about how we manage the human, physical and information resources of the authority

The Commissioner expects authorities to publish the following information, as a minimum		
<i>Human resources</i>	Information/document title	Link to document in ishare/website
<ul style="list-style-type: none"> • Strategy and management of human resources • Staffing structure • Human resources policies, procedures and guidelines, including e.g., recruitment, performance management, salary and grading, promotion, pensions, discipline, grievance, staff development, staff records • Employee relations structures and agreements reached with recognised trade unions and professional organisations 	Careers	http://careers.audit-scotland.gov.uk/AboutUs/Default.aspx
	Graduates	http://careers.audit-scotland.gov.uk/Graduates/Default.aspx
	Starting Salaries	To be added to the publication scheme and published on our website
	Travel and expenses	To be added to the publication scheme and published on our website
	Salary grading structure	To be added to the publication scheme and published on our website
	LPF Pensions Policy	To be added to the publication scheme and published on our website
	Agency Workers Policy	To be added to the publication scheme and published on our website
	Fixed Term contract policy	To be added to the publication scheme and published on our website
	Induction Policy	To be added to the publication scheme and published on our website
	Recruitment & Selection policy	To be added to the publication scheme and published on our website
	Disciplinary policy	To be added to the publication scheme and published on our website
Grievance Policy	To be added to the publication scheme and published on our website	
Partnership Forum agreement	To be added to the publication scheme and published on our website	
<i>Physical resources</i>	Information/document title	Link to document in ishare/website
<ul style="list-style-type: none"> • Management of the authority's land and property assets, including 	Carbon Scrutiny – annual report	http://www.audit-scotland.gov.uk/about/as/docs.php?year=2014
	Estate strategy paper to MT	To be added to the publication scheme and published on our website

<p>environmental / sustainability reports</p> <ul style="list-style-type: none"> • Description of the authority's land and property holdings • Estate development plans • Maintenance arrangements 	<p>Policy and procedures for leasing property</p>	<p>To be added to the publication scheme and published on our website</p>
<p><i>Information resources</i></p>	<p>Information/document title</p>	<p>Link to document in ishare/website</p>
<ul style="list-style-type: none"> • Records management policy and records management plan, including records retention schedule • Information governance / asset management policies and procedures • Knowledge management policies and procedures • List of statistical information published by the authority • Freedom of information policies and procedures • Data protection or privacy policy 	<p>Records management policy</p> <p>Records management plan</p> <p>Data Protection Policy</p> <p>Freedom of Information</p> <p>Information Security</p>	<p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p> <p>To be added to the publication scheme and published on our website</p>

Class 6: How we procure goods and services from external providers

Description
 Information about how we procure goods and services, and our contracts with external providers

The Commissioner expects authorities to publish the following information, as a minimum

	Information/document title	Link to document in ishare/website
<ul style="list-style-type: none"> Procurement policies and procedures Invitations to tender List of contracts which have gone through formal tendering, including name of supplier, period of contract and value 	Supplying Audit Scotland	http://www.audit-scotland.gov.uk/about/as/supplying.php
	Audit Scotland's Terms and Conditions for the purchase of goods and services	http://www.audit-scotland.gov.uk/about/docs/as_1303_purchase_orders_terms_conditions.pdf
	Audit appointments	http://www.audit-scotland.gov.uk/about/as/audits.php
	Procurement handbook (supersedes Financial guide No1)	To be added to the publication scheme and published on our website
	Contract register	Currently being prepared by Finance. To be published when completed.

Class 7: How we are performing

Description
 Information about how we perform as an organisation, and how well we deliver our functions and services.

The Commissioner expects authorities to publish the following information, as a minimum

	Information/document title	Link to document in ishare/website
<ul style="list-style-type: none"> External reports e.g., annual report, performance statements required by statute (e.g., section 32 of 	Audit Scotland annual reports	http://www.audit-scotland.gov.uk/about/as/docs.php
	Accounts Commission annual reports	http://www.audit-scotland.gov.uk/about/ac/docs.php

<p>the Public Service Reform (Scotland) Act 2010 if applicable.</p> <ul style="list-style-type: none"> • Performance indicators and performance against them. 	<p>Expenditure information under the Public Services Reform (Scotland) Act 2010</p> <p>Annual impact report</p> <p>Audit Scotland’s Carbon Scrutiny annual report</p> <p>Transparency and quality annual report</p> <p>Working with other countries report</p>	<p>http://www.audit-scotland.gov.uk/about/as/expenses.php</p> <p>http://www.audit-scotland.gov.uk/about/as/docs.php</p> <p>http://www.audit-scotland.gov.uk/about/as/docs.php</p> <p>http://www.audit-scotland.gov.uk/about/as/docs.php</p> <p>http://www.audit-scotland.gov.uk/about/as/docs.php</p>
<p>Class 8: Our commercial publications</p>		
<p>Description</p> <p>Information packaged and made available for sale on a commercial basis and sold at market value through a retail outlet e.g., bookshop, museum or research journal.</p>	<p>None</p>	

MEETING: 14 MAY 2015

REPORT BY: ASSISTANT AUDITOR GENERAL

ASG AUDITS – NEW AUDIT APPOINTMENT FOR 2014/15 TO 2015/16

Purpose

1. To request that the Commission appoints Fiona Kordiak, Director of Audit Services, as the appointed auditor for Glasgow and Clyde Valley Cabinet Joint Committee

Background

2. This body has been constituted as a Joint Committee under Section 57 of the Local Government (Scotland) Act 1973 to act as the steering group for the Glasgow and Clyde Valley City Deal. The Accounts Commission has the responsibility under section 97 of the Act to secure the audit of its accounts.
3. Glasgow City Council is the lead authority. The other members are:
 - East Dunbartonshire Council
 - West Dunbartonshire Council
 - East Renfrewshire Council
 - Renfrewshire Council
 - Inverclyde Council
 - North Lanarkshire Council and
 - South Lanarkshire Council.
4. This City Deal is one of the largest agreed and is an agreement between the above councils, the UK Government and the Scottish Government.
5. Glasgow City Council is the lead authority for the Joint Committee and is audited by an in house team. It is therefore efficient to appoint the council auditor for the Joint Committee.

Conclusion

6. The Commission is recommended to appoint Fiona Kordiak as the auditor of this Joint Committee for 2014/15 and 2015/16 financial years.

Russell Frith
Assistant Auditor General
23 April 2015

MEETING: 14 MAY 2015

COVER NOTE BY: SECRETARY TO THE ACCOUNTS COMMISSION

AUDIT OF BEST VALUE: EAST DUNBARTONSHIRE COUNCIL

Purpose

1. The purpose of this paper is to introduce the Controller of Audit's report of the Best Value audit of East Dunbartonshire Council. The Commission is invited to consider the report and decide how it wishes to proceed.

Background

2. At its meeting in December 2013 the Commission considered a report by the Controller of Audit bringing to the Commission's attention the 2012/13 annual audit report for East Dunbartonshire Council. This included findings from targeted Best Value audit activity that flowed from scrutiny risks identified in the council's 2013-16 Assurance and Improvement Plan (AIP). Targeted Best Value work had been carried out in the following four areas:
 - asset management
 - procurement
 - workforce management
 - performance information and management.
3. The Commission agreed:
 - to direct the Controller of Audit to undertake further investigations
 - that these be in the form of further Best Value audit work
 - to invite the Council to a meeting with the Commission to discuss the reasons behind its decision.
4. In February 2013, the Commission and the Controller of Audit met with leading elected members and the council's Chief Executive to discuss the above issues.
5. This audit report is in response to the Commission's request for further work.

The report

6. The attached report to the Commission is made by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
7. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - a) the accounts of local authorities audited under the Act;
 - b) any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public.
 - c) the performance by a local authority of their statutory duties in relation to best value and community planning.

8. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

Procedure

9. 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.
10. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
11. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence presented in the report.

Conclusion

12. The Commission is invited to:
 - a) consider the report by the Controller of Audit on the audit of Best Value of East Dunbartonshire Council; and
 - b) decide how it wishes to proceed.

Paul Reilly
Secretary to the Commission
6 May 2015

East Dunbartonshire Council

Targeted Best Value Audit 2014/15



Prepared for the Accounts Commission by the Controller of Audit
May 2015

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about/ac

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Commission's Findings	4
Introduction	5
Summary	7
Audit Assessment	9
The council continues to face significant financial pressures, with reduced reserves and the need to save £23 million over the next three years.....	9
In most areas, the council has appropriate financial controls, but weaknesses in financial reconciliations continue	9
The council's transformation programme is gaining momentum, but its benefits to date are not clear	10
The council has made some progress in managing its workforce, but needs to have clearer targets, and complete projects on job evaluation, sickness absence and staff appraisals	12
The council provides members with better information for making decisions on key assets, but still has substantial delays in its capital programme.....	15
The council has made good progress in improving its procurement function	16
Changes in governance structures look to be sound, but there is still a lack of effective scrutiny by members and reports are long, complex and confusing.....	16
How the council needs to improve	20

Commission's Findings

1.

Introduction

1. In December 2013, The Controller of Audit presented a report to the Accounts Commission. This drew attention to the annual audit report for East Dunbartonshire Council, in particular the auditors' targeted assessment of the council's progress in meeting its statutory duties of Best Value. While the council continued to provide good quality services for the local community, auditors raised concerns about six main issues:
 - **Reserves.** The council's financial reserves were low compared with other councils, raising concerns about its ability to sustain services at a time of implementing its transformation programme and reducing budgets.
 - **Reconciliations and internal controls.** There were significant gaps in the council's systems of internal controls, particularly the lack of regular reconciliations between the financial ledger and systems such as non-domestic rates, council tax, cash and debtors.
 - **Asset management.** The council's capital programme had had significant delays and the council needed to improve the information for elected members to use as the basis for debating, scrutinising and making decisions on assets, for example the development of community hubs and a new integrated office and depot.
 - **Procurement.** There were major weaknesses in the council's approach to buying goods and services, with its 2012 procurement capability assessment the lowest of any Scottish council.
 - **Workforce management.** The council had made relatively large staff reductions and significant changes to its senior management structure to help reduce costs, but it was too early to assess the effect on organisational capacity and resilience.
 - **Performance information and management.** There was scope to improve performance information and for the council to focus more clearly on the action it needed to take to improve performance.
2. After considering the report, the Accounts Commission asked the Controller of Audit to perform further Best Value audit work within one year to track the council's progress against these issues. This audit report is a response to the Accounts Commission's request.
3. Further issues were subsequently raised by the Local Area Network (LAN), a group representing all the external bodies that scrutinise the council. The LAN identified the need to assess:
 - the council's progress with its transformation programme, as part of its drive to reduce costs
 - the effectiveness of new governance structures introduced by the council during 2013.
4. The main audit work took place between December 2014 and February 2015, by a team from Audit Scotland. This included reviewing council documents such as reports and minutes, interviewing council officers and elected members and observing meetings.

5. We gratefully acknowledge the cooperation and assistance provided to the audit team particularly by Gerry Cornes, Chief Executive, and all elected members and officers contacted during the audit.

Summary

6. At a time of reducing budgets, East Dunbartonshire Council continues to deliver a good standard of services. Its services are performing at least in line with other councils and, in some cases, significantly better. Educational attainment in its schools, for example, is amongst the highest in Scotland and the most improved over the past decade.
7. Like other councils, East Dunbartonshire Council faces significant financial pressures, with reduced funding and increasing demand for some services, such as care at home for elderly people. Over the past year, there is clear evidence that it has responded both to these challenges and to concerns previously raised by the Controller of Audit. It has:
 - strengthened arrangements for managing its transformation programme, which is central to its efforts to reduce spending
 - introduced a revised capital programme and asset management plan, together with revised requirements for option appraisals
 - noticeably improved its procurement performance
 - introduced new scrutiny arrangements for elected members to follow.
8. However, these changes have not yet made a significant impact. The improvement in procurement processes, for example, needs more time before it can deliver the substantial savings built into future savings targets. A new structure of scrutiny panels has been introduced, which looks to be sound. But elected members are not yet carrying out meaningful scrutiny, and there is often little debate or challenge in public meetings.
9. The council faces an increasingly challenging financial position. Improvements in its financial planning mean that it now has a better understanding of the impact of an ageing population on future service demands and costs. As a result, it now estimates that it needs to save £23.3 million over the three years to 2017/18, up from its previous projection of £20 million and representing around ten per cent of its spending. At the same time its overall financial reserves are low and are projected to fall further. To make its finances sustainable in the longer term, the council has been implementing a transformation programme over the past few years. Since our last audit, the programme has gained some momentum. It has enabled the council to implement a more streamlined senior management structure and to reduce administrative support staff by creating a centralised internal shared service. However, many transformation programme projects have had significant delays, and have therefore not yet made the anticipated contribution to the savings needed over the next three years. In addition, the benefits the transformation programme has delivered to date remain unclear.
10. Several important issues remain unresolved and raise concerns about the council's ability to change the way it manages its staff and other resources, and to demonstrate a culture of continuous improvement. For example:

- Gaps in financial reconciliations, a significant part of internal controls, have repeatedly been raised as a pressing concern by the external auditor, but remain a pressing concern.
 - A major job evaluation exercise affecting the pay and grades of all council staff was planned in 2011, started in 2013, but has yet to be concluded.
 - Despite close attention from senior managers, sickness absence levels remain one of the highest of any Scottish council.
 - There continues to be significant slippage and delays in its capital programme and, in turn, important aspects of its transformation programme designed to deliver savings.
 - Low levels of staff appraisals, a basic aspect of staff management, were reported in our audit of Best Value in 2009 and have only shown signs of improving in recent months.
11. The council has been working on a wide range of initiatives over recent years. But it now needs to continue this pace of improvement and bring these to a successful conclusion, ensuring that the fundamental building blocks of Best Value are fully in place. This will help the council to strengthen its focus on the overriding challenges to:
- implement the most important aspects of its transformation programme
 - significantly reduce its spending over the coming years
 - continue to provide high quality services.

Audit Assessment

The council continues to face significant financial pressures, with reduced reserves and the need to save £23 million over the next three years

12. East Dunbartonshire Council has made significant savings in recent years, particularly in staffing costs. While doing this, the council has been able to maintain the quality of its services. Data from the local government benchmarking framework show that its performance is broadly comparable with the national average in the majority of services. Educational attainment in its schools is amongst the highest in Scotland and the most improved over the past decade.
13. In line with other Scottish local authorities, however, the council still needs to make further significant savings. The scale of these is not clear, due to uncertainty about future funding levels and increasing levels of demand on services such as social care. In 2013, it estimated that it needed to save £20 million over the four years to the end of 2017/18. This estimated funding gap has now increased, following improvements in the council's financial planning which take greater account of projected demographic changes and their impact on council services. The council estimates that it now needs to make £23.3 million of savings, around ten per cent of its current budget, over the remaining three years to 2017/18.
14. All councils face significant challenges in making such large reductions in their spending, particularly at a time of rising demand for some services such as adult social care. In common with many other councils, East Dunbartonshire Council is looking to fundamentally change the way it delivers services. It has embarked on a series of projects to do this and achieve savings. It estimates that these projects will reduce budgets by £13.9 million, and it needs to identify further projects to provide the remaining £17.8 million of savings by 2018/19. This is challenging as the council continues to face increasing demands on some services, for example, overspending its 2014/15 social work budget by around £3.7 million.
15. While the council has relatively low levels of borrowing, it also has low financial reserves that it can draw on. In 2013/14, its total usable reserves decreased by around £4.8 million to £26.1 million, the third lowest usable level of reserves relative to its annual net revenue of any Scottish council. These have now fallen to £17.9 million at the end of 2014/15 and the council projects that they will fall further to £13.2 million by 2015/16 before stabilising.

In most areas, the council has appropriate financial controls, but weaknesses in financial reconciliations continue

16. In most areas, the council has an appropriate level of financial controls, but there are important gaps. Over the past three years, the external auditor has raised significant concerns about the absence of regular and systematic reconciliations of the financial ledger and other systems such as non-domestic rates, council tax, cash, and debtors. These reconciliations are

a fundamental part of any council's internal controls. Despite the council agreeing to resolve these issues, financial reconciliations are still not occurring regularly throughout the year.

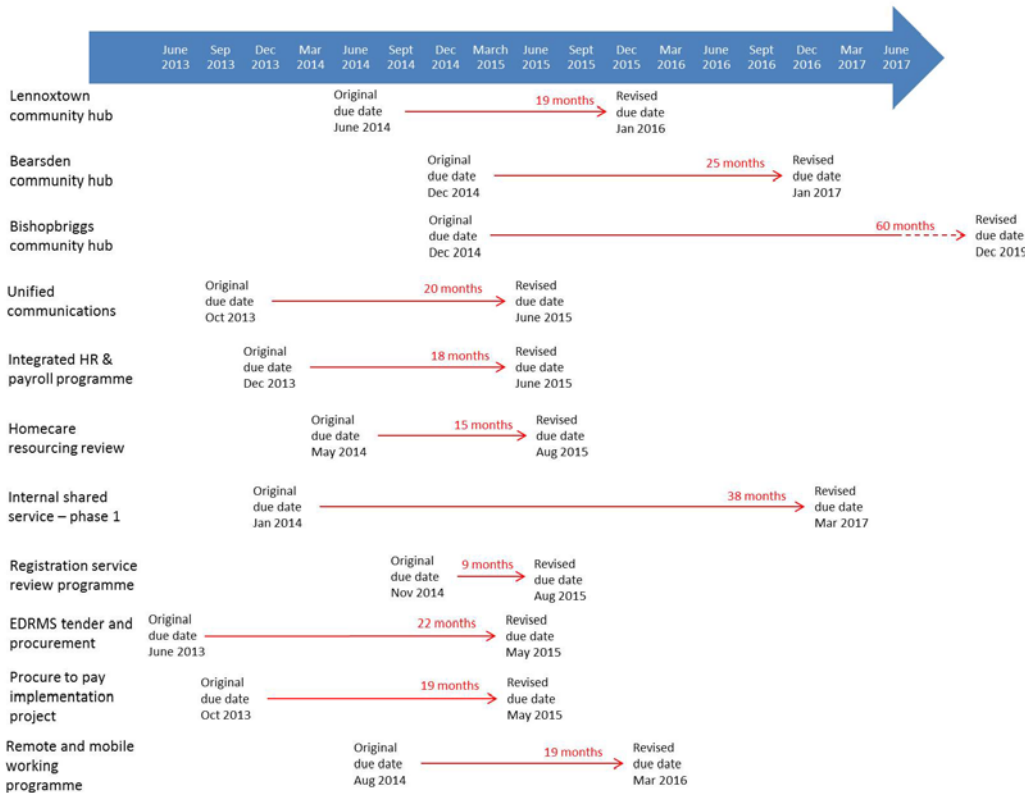
17. The council also needs to review its budget-setting procedures. It has managed to reduce spending and keep within its annual budget, but within this overall position it has experienced variations in key areas. In particular, over recent years, it has consistently underspent its education budget and overspent its social work budget, including a £3.7 million overspend in 2014/15. The latter is the result of increasing demands for social care from an ageing population, a factor affecting most Scottish councils but particularly significant in East Dunbartonshire. The council needs to set budgets that better reflect changing service demands and provide meaningful targets for managers to work towards.

The council's transformation programme is gaining momentum, but its benefits to date are not clear

18. East Dunbartonshire Council faces significant financial challenges over the next few years. The scale of the reductions required in its spending mean that it needs to make some fundamental changes in the services it delivers. As a result, in 2013 the council established a transformation programme. This is currently made up of 115 projects that vary widely in scale and nature. Some are relatively minor and will deliver only small-scale savings, such as changing car user allowances and moving from paper to electronic payslips. Others are larger-scale developments, such as developing community hubs, and introducing an electronic document and records management system that can potentially develop significant efficiencies. The council anticipates that various transformation projects will help deliver additional savings of £2.7 million during 2015/16, with further projects then helping to close the funding gap of £23.3 million over the next three financial years.
19. The transformation programme has had some successes, such as changes to employee terms and conditions and streamlining its senior management structure. Overall, however, important elements of the programme are behind schedule ([Exhibit 1](#)), particularly those projects which are more genuinely transformational and have the potential to deliver more significant benefits and savings. For example, the creation of community hubs to help deliver services is significantly behind schedule. Some projects have seen notable progress, such as implementing an integrated HR and payroll system, unified communications, and internal shared services. However, these projects are running 18, 20 and 38 months respectively behind schedule. Inevitably, these delays will affect the council's ability to deliver its planned savings over the next three years.

Exhibit 1

Transformation plan: key projects are behind schedule



Sources: East Dunbartonshire Council, Report CST/002/15/DM (Appendix 1), Policy and Resources Committee, 19 April 2015; Report CST/002/15/DM (Appendix 1), Policy and Resources Committee, 10 February 2015; Report CST/119/14/DM (Appendix 1, Policy and Resources Committee, 18 October 2014); Report CST/099/14/AD (Appendix 1) Policy and Resources Committee, 28 October 2014 and Report CST/024/13/AD (Appendix 1), Policy and Resources Committee, 11 April 2013.

20. In recognition that it needs to make better progress in delivering its transformation programme, the council has strengthened arrangements for managing and overseeing the programme. In July 2014, it established a corporate Programme Management Office (PMO). The PMO has introduced a new project management framework, standardising processes so that the programme can operate in a more consistent and coherent way. This includes producing detailed business cases for all projects to help deliver and demonstrate long-term benefits.
21. The PMO monitors progress against transformation projects every fortnight. This provides for more high level scrutiny by the chief executive, director of customer services and transformation, the PMO manager and other team managers through monthly transformation board meetings. Elected members also scrutinise the programme through progress reports to quarterly scrutiny panels.
22. There is evidence that its improved programme management is having a positive impact. The council has recently begun to demonstrate greater progress in implementing projects. For example, in early 2015, it:

- introduced its corporate booking system
 - further developed its internal shared support service
 - began testing its new corporate procurement system
 - went out to tender on its customer relationship management system.
23. None of the council's current transformation projects has yet gone through all the relevant stages of its new programme management framework, in particular the requirement to report the benefits delivered. This is important, as the council has been unable to track clearly and demonstrate savings delivered through the transformation programme. It has estimated that the programme delivered £3.5 million in savings in 2014/15. It also expects it to provide a further £2.7 million of savings in 2015/16. Undoubtedly, savings have been made, primarily from deleting posts or leaving some unfilled. However it is difficult to assess the costs of the various transformation projects and the net savings they have delivered. This information has not, for example, been clearly provided in reports to elected members.

The council has made some progress in managing its workforce, but needs to have clearer targets, and complete projects on job evaluation, sickness absence and staff appraisals

The council has a workforce strategy but, with no clear targets or timescales, it is difficult to assess its impact

24. The council approved its current workforce strategy in April 2013. This focuses on key themes, including resourcing protocols, workforce and succession planning, leadership and culture development, terms and conditions, and resourcing new structures. In September 2014, the council reported the activities it had taken across its strategy themes. It reports progress on individual elements more regularly to committee.
25. The workforce strategy and its underlying action plan do not contain clear targets or timescales for meeting objectives. For example, there are no indicative targets for long-term issues such as staffing numbers or departments where staffing levels will need to be protected. Nor are there targets for current pressing issues such as reducing sickness absence levels, or increasing the proportion of employees receiving an annual performance appraisal. As a result, it is not clear how the strategy will contribute to the council's aims or how the council will measure success.

The council is reducing the cost of its workforce as an important part of its transformation programme, but it needs to provide clearer evidence of its success

26. The council has been going through significant organisational change and restructuring for some time. Since 2009, it has been developing its strategic operating model (SOM), a blueprint for how the council would work in future. The council estimates that this has helped reduce the size of its workforce by almost 12 per cent.
27. Through its workforce strategy, reducing the cost of its workforce continues to be a main priority for the council. To achieve its goal, it launched a voluntary redundancy scheme in

February 2013. Between February 2013 and December 2014 the council voluntarily released 179 employees. Reports to elected members show that, while this cost £5.6 million, payback periods are relatively short, varying between 16 and 24 months, and will generate annual savings of over £4 million.

28. The council has also achieved significant workforce efficiencies through creating a centralised administration service. From its inception in December 2013 to January 2015, the council reduced the number of administrative posts from 158 to 90 full-time equivalents (FTEs). It is also looking to make significant workforce efficiencies in 2015/16 by reviewing neighbourhood services and developing community hubs.
29. The council is also looking at savings in other workforce costs. This includes reviewing issues such as terms and conditions, including car user allowance, flexi-time working, and its procedures for recruiting people and managing vacancies. It is also trying to manage other workforce costs better, such as the use of agency staff and overtime.
30. These changes will have reduced overall staffing numbers and costs. But the council does need to improve monitoring reports to elected members to demonstrate that it is achieving its organisational objectives. For example, despite the significant numbers of staff taking early retirement or some form of voluntary redundancy, the council has reported a small increase in its staffing numbers over the past year. The council thinks this reflects weaknesses in its monitoring systems rather than an actual increase in staffing numbers. Without reliable information, a council cannot properly manage its overall workforce. Introducing a new integrated HR and payroll system, later in 2015, is intended to resolve this.

A major job evaluation exercise started in 2013 has yet to be completed

31. The council has been conducting a full job evaluation exercise across all posts. The process has had significant delays. It was planned to start in 2011, but this was delayed until 2013. By February 2015, the council had evaluated 61 per cent of 2,841 jobs.
32. The council has also sought to generate efficiencies by adopting a flatter management structure. In 2013, it created three additional director posts but removed seven heads of service. Our previous audit raised some concerns that this might reduce the breadth of management skills and its capacity to meet future challenges, particularly at a time of significant changes within the council. However the evidence we found suggests that the revised management structure has worked well, with middle managers able to take on more responsibilities.
33. The council appointed the directors in early 2013, completed their job evaluations in December 2014 and confirmed salaries and responsibilities. Until the wider job evaluation process has been completed across all departments, the vast majority of council staff are still working to indicative, rather than finalised, grades. Most indicative grades are likely to be confirmed in due course. But trade union representatives feel that this continuing uncertainty for many individuals is having a detrimental impact on morale. It is also likely to be hindering the council's drive to implement organisational change. For example, it is recruiting new staff

or asking existing employees to adopt new working practices yet cannot confirm the grade or the salary. The council now aims to complete all job evaluations by the end of 2015.

The council has strengthened its absence management practices, yet sickness absence remains high

34. In 2012/13, the council had the highest sickness absence level in Scotland at an annual average of 11.6 days per employee. Over the past two years, it has strengthened its approach to managing sickness absence, by:
- better monitoring short-term and long-term absences
 - identifying departments with high absence rates
 - providing further support and guidance for managers.

These revised processes look sound.

35. The council has had some success in reducing absence rates. By the end of 2014/15, it had reduced to an average of 10.6 days. But this is still noticeably above the most recent Scottish average of 9.2 days and continues to be a significant burden to the council, representing over £1 million of staff costs.
36. The council has identified stress as an important factor related to absences, although there is wide variation between departments. This may be related to the major changes affecting the workforce, such as job evaluations, budget reductions, and new working practices. The council knows it needs a better understanding of the underlying causes of this. It has revised its Wellbeing at Work policy and developed an action plan around healthy working lives. But it recognises that it will need to review the effectiveness of these approaches and make appropriate changes where absence levels remain high.

Since 2009, only around half of council staff have regularly received annual performance appraisals, but this has now improved sharply in recent months

37. It is important in any council that employees are managed effectively, know what is expected of them, have their performance regularly assessed and get help to improve. Staff appraisals are also important organisationally for assessing and resolving skills gaps, matching people with the right skills to the right jobs and succession planning. In East Dunbartonshire, staff performance and development reviews (PDRs) also form part of the decision-making criteria in the voluntary exit scheme.
38. All managers are required to complete staff PDRs as one of their core objectives. Despite this, by the end of 2013/14, only 48 per cent of the council's employees had a completed PDR recorded in the HR system. This showed little change from our first Best Value audit in the council in 2009, when we reported that less than half the workforce had received an appraisal in the previous year. During 2014, the council developed further guidance for managers and improved monitoring of the completion of PDRs. By April 2015, 85 per cent of staff had received an appraisal, in line with the council's target.

39. The council will need to build on this progress. It is planning to introduce a learning and development plan during 2015. This is to help ensure that staff have the skills they need to help the council meet its strategic goals. It is important that the results of the PDR process, identifying staff training and development needs, help shape this learning and development plan.

The council provides members with better information for making decisions on key assets, but still has substantial delays in its capital programme

40. Over the past year, the council has improved its management processes for overseeing its capital programme. Managers prepare options appraisals and detailed business cases to help members make decisions on key assets such as community facilities. It has also approved a new ten-year capital investment plan and a corporate asset management plan, bringing together the various plans that were previously in place. In addition, following an annual review, the council approved an updated corporate asset management plan and a re-phased capital programme in November 2014.
41. However, despite these improved management processes, there are still substantial delays in completing important elements of the council's capital programme. The Hillhead Community Centre was completed in 2014 at a cost of £2.5 million, the first significant new build in a number of years. But, overall, there was a slippage of £22.2 million during 2013/14, around 46 per cent of its planned capital spend for the year. Over the past year, this has not changed greatly. The council has reported slippage of £18.1 million, representing 40 per cent of the capital budget for 2014/15. This is not due to any single project, but reflects delays in a wide range of projects, such as its planned office accommodation and depot at Westerhill, the Bishopbriggs relief road, and its community hubs.
42. There have also been major delays in developing a network of five community hubs. These are an important part of the council's transformation programme. They help the council to provide integrated local customer services and to introduce changes to working practices and reduce staffing numbers. The council started its hub initiative in 2009, with the aim of having a full network in place in operation by 2017/18. To date, the council has only one hub in place in Kirkintilloch. Of the remaining hubs, a planning application for Lennoxton has now been approved and construction started. The council has had problems with its other planned hubs, in Bearsden, Bishopbriggs and Milgavnie, including difficulties securing land. These have yet to reach the detailed planning stage. The council does not expect to complete the hub programme before 2019/20. Delays in the hub programme will have a knock-on effect on other transformation projects, such as implementing its 'Click, Call, Come In' strategy, which provides more ways for people to contact the council and use its services. It will also have a significant impact on the council's ability to make planned savings by the end of 2017/18.

The council has made good progress in improving its procurement function

43. In 2012 there were significant weaknesses in the council's approach to procuring goods and services. It received a score of 25 in the national Procurement Capability Assessment (PCA), the lowest for any council and well below the average of 48. This prompted the council to ask Scotland Excel, the centre of procurement expertise in local government, to carry out an independent review. The subsequent report, published in June 2013, contained a range of highly critical findings.
44. Since then, the council has made significant progress in responding to Scotland Excel's concerns. It approved an updated procurement strategy and improvement plan in 2013 and increased staffing levels in its corporate procurement unit. It appointed a new procurement manager and has begun implementing an e-procurement system. This progress has been confirmed by two further PCA assessments. In 2013, its score increased from 25 to 44. In 2014, this increased again to 60, the highest proportionate improvement for any council.
45. The council believes these improvements in corporate procurement can lead to significant efficiencies. Based on the savings made by other councils following improvements in their PCA scores, it estimates that it can deliver £1 million of savings in 2015/16, £3 million in 2016/17 and then £5 million in savings a year from 2017/18 onwards. However it has not yet identified specific measures that will generate these savings and much will depend on further improvements in its procurement function. For example, the council began implementing its e-procurement system in March 2015 within Customer Services and Finance and Shared Services. But, with the need to link it with other systems, such as SEEMiS in Education, the council only plans to implement it in full in March 2017.

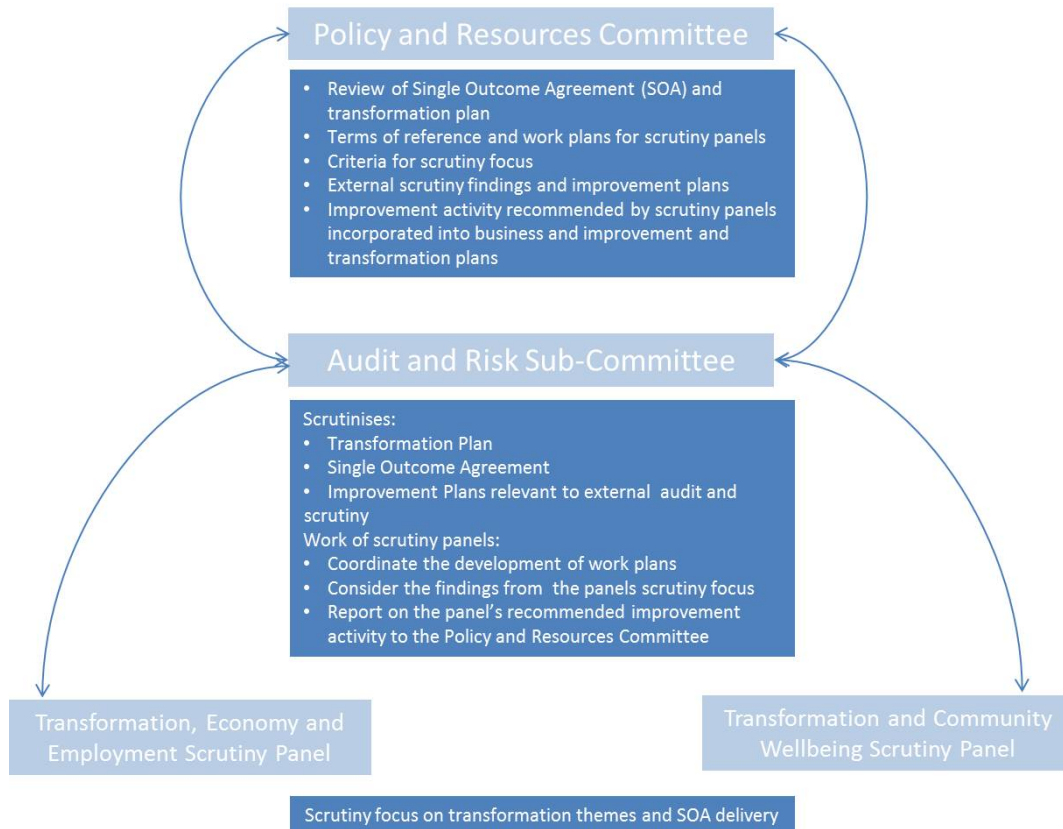
Changes in governance structures look to be sound, but there is still a lack of effective scrutiny by members and reports are long, complex and confusing

Revised arrangements for scrutinising the council's performance and transformation programme are a positive step but are not yet working effectively

46. The council has sought to improve the effectiveness of scrutiny by elected members. In May 2014 it decided to replace the existing three scrutiny panels with two:
 - Transformation, Economy and Employment
 - Transformation and Community Well-being.
47. The work carried out by these scrutiny panels is decided by the Audit and Risk Sub-Committee. It, in turn, responds to requests from the Policy and Resources Committee ([Exhibit 2](#)). Reports produced by the scrutiny panels are then considered by the Audit and Risk Sub-Committee, which provides a summary to the Policy and Resources Committee. In line with good practice, the Audit and Risk Sub-Committee is now chaired by the leader of the opposition and the scrutiny panels are chaired by other opposition members.

Exhibit 2

East Dunbartonshire Council's new scrutiny arrangements



Source: East Dunbartonshire Council

48. In principle, these new scrutiny arrangements look sound, giving elected members an important opportunity to focus on the transformation programme and its impact on changing how the council provides services and meeting the significant financial challenges that it faces. They also provide a clearer link with the wider priorities within the Single Outcome Agreement, which sets out East Dunbartonshire's community planning strategy and goals.
49. The scrutiny panels have not yet started to work effectively. It is unclear how the scrutiny panels' agenda is being set. We found no references to the Audit and Risk Management Sub-Committee directing the panels' work. Similarly, the panels have not yet identified any areas for improvement to feed back to the Audit and Risk Sub-committee. We observed the scrutiny panels in January 2015. This highlighted that their ability to scrutinise the transformation programme was also being hindered because the data they had been given was not the most up-to-date available in the council.

Long and complex reports are hindering effective and public decision-making and scrutiny by elected members

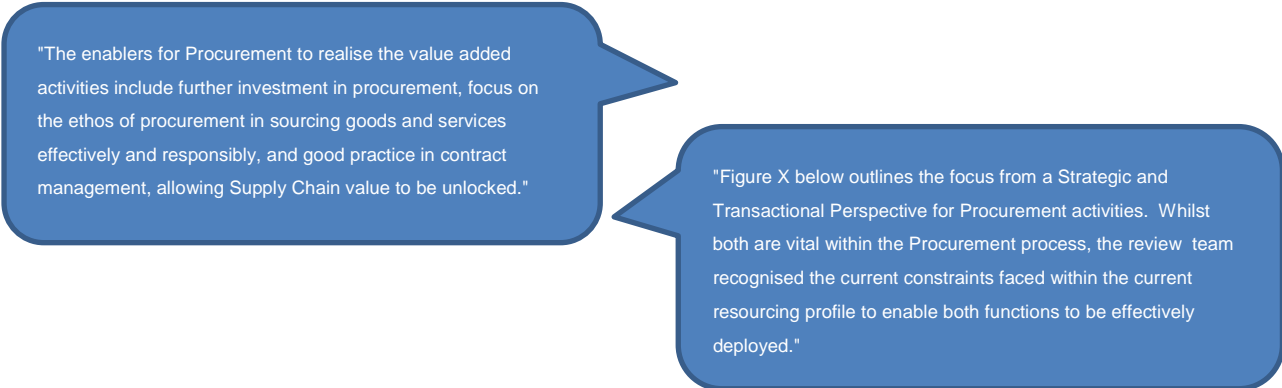
50. In our view, however, there are wider weaknesses in public scrutiny by elected members. There is often little debate or challenge at council or committee meetings. The transparency of decision-making has also been reduced by the large amount of information considered by

members in private sessions at committee meetings. In response to comments from its external auditors, there are signs the council is now changing its approach. For example, the Policy and Resources Committee has considered no private papers so far during 2015.

51. Council and committee reports can be very long, placing significant demands on elected members. In some meetings members have been expected to read over 700 pages of information and, on average, considerably more than in many other councils. A number of elected members that we spoke with thought that the large volume of papers they are expected to read made it difficult to focus on the most important issues. Reports often contain a level of detail more appropriate for managers than elected members. This can often be the reason for discussing papers in private, with reports containing personal or sensitive information on, for example, individuals' salaries. But members usually do not need this level of detail to make decisions. They simply need to be presented with options, each with its overall costs, benefits and risks.
52. In 2013, we commented on the length of performance reports and, in response, the council has streamlined some of the information being provided to members. How Good Is Our Council self-assessments are now shorter, for example, and the council has cut performance indicators from 216 to 166. But, in general, reports still tend to contain a level of detail more appropriate to managers than members.
53. Reports also tend to be complex and written in highly bureaucratic language. Even as auditors, we found it difficult to understand many of the reports on core issues, such as:
 - the council's underlying financial position
 - the savings it expected individual transformation projects to deliver
 - the savings actually delivered
 - improvements in procurement ([Exhibit 3](#)).

Exhibit 3

Information presented to elected members can be difficult to understand



"The enablers for Procurement to realise the value added activities include further investment in procurement, focus on the ethos of procurement in sourcing goods and services effectively and responsibly, and good practice in contract management, allowing Supply Chain value to be unlocked."

"Figure X below outlines the focus from a Strategic and Transactional Perspective for Procurement activities. Whilst both are vital within the Procurement process, the review team recognised the current constraints faced within the current resourcing profile to enable both functions to be effectively deployed."

Source: From paragraphs 12.36 and 12.40 of Organisational Planning Update Paper, Item 26, East Dunbartonshire Council, June 2014

54. In our view, managers need to reassess their approach to reporting to elected members. When presenting options or giving an update on the transformation programme or overall financial position the council needs to:
- reduce the volume of papers
 - avoid jargon
 - use clear, straightforward language.

How the council needs to improve

55. The council needs to:

- ensure that its financial position does not deteriorate, by focusing on key savings projects and ensuring these do not continue to face significant delays.
- build on the recent momentum in progressing its transformation programme, prioritising the various projects and focusing on those with the potential to make the greatest impact.
- build on its success in strengthening its approach to procurement and develop specific proposals on how this will deliver the anticipated savings.
- ensure that financial reconciliations are completed throughout the year.
- review its revenue budgets, to ensure that they reflect changing demands for services and council priorities and provide meaningful targets for managers to work towards.
- maintain the recent improvement in the number of staff receiving an annual performance appraisal and ensure the results are used to help shape staff training and development programmes.
- complete the corporate job evaluation programme.
- continue to reduce sickness absence levels.
- write committee reports papers in plain English and avoid unnecessary detail, to make them more clearly understood.