

Address:
110 George Street
Edinburgh
EH2 4LH

Telephone:
0845 146 1010
Fax:
0845 146 1009

Website:
www.audit-scotland.gov.uk

Mr John Swinney
Cabinet Secretary, Finance and Sustainable Growth
The Scottish Government
St Andrew's House
Regent Road
Edinburgh
EH1 3DG

30 January 2009

Dear Mr Swinney

Quarterly update on improving local government scrutiny

I am writing to provide you with my first quarterly update on progress in improving the external scrutiny of local government, covering the period up to 31 December 2008. It complements the correspondence you have received from the Accounts Commission, and provides a little more detail about the development activities which are underway and those which are planned in the near future.

What has been achieved so far

As you know, the Accounts Commission has established a strategic group and an operational group to help it to carry out its gatekeeping role, including all the key local government scrutiny bodies: the Accounts Commission, Audit Scotland, HMIE, SWIA, the Care Commission, the Scottish Housing Regulator, HMICS and NHS QIS. Both groups have demonstrated the level of commitment which exists to this work, and have established effective ways of working together which should deliver sustainable long term change for the future.

In his letter to you of 31 October 2008, John Baillie highlighted progress with some early initiatives which I have included for completeness. These are:

- Gathering information about the level of scrutiny activity in local government since 2004 to provide a baseline against which change can be measured.
- Producing a schedule of planned activity through 2009 in order to maximize the short term opportunities for better streamlining and co-ordinating our work.
- Identifying five councils where there appeared to be an immediate opportunity to better co-ordinate our scrutiny activity. Round table meetings involving all of the key scrutiny bodies have been held for each of these councils to better co-ordinate our planned activity.

We have continued to make progress since October. The operational group has now formalised its development activities by agreeing a work plan to provide a focus for our joint activities and enable us to allocate the necessary resources. The work plan is structured around the three key priorities set by the strategic group:

- Agreeing a framework for shared risk assessment
- Establishing a single corporate assessment
- Improving the scheduling and co-ordination of scrutiny activity

The plan also includes some cross-cutting development tasks:

- Establishing a communication and engagement strategy to ensure key stakeholders are aware of the range of work we are undertaking.
- Establishing effective arrangements to ensure that we have appropriate systems and arrangements in place to support the planned improvements and equip our staff for new ways of working in the future.
- Setting out arrangements for measuring and demonstrating the impact of the planned changes we have made.
- Reviewing the need for legislative and other changes to support the new ways of working that will be necessary to streamline and better co-ordinate scrutiny activity in the future.

Looking ahead in 2009

There are two immediate priorities at the start of 2009: the agreement of a joint 2009 scrutiny schedule, development of a shared risk assessment framework and the development of our communication strategy. These will be followed very quickly by the establishment of local scrutiny planning networks, whose work will involve engagement and communication with councils.

You will recall from John Baillie's letter of 31 October the work that already had been undertaken with a view to establishing a joint schedule of scrutiny activity for 2009. As our thinking on the shared risk assessment takes shape, we have been looking to refine this initial work based on the experience of the five completed round tables and we have revisited the original data provided by each of the scrutiny bodies.

Aspects of this task are proving challenging. As the structural changes to scrutiny bodies are implemented and decisions about child protection and other inspection regimes are pending, there is more uncertainty than usual. We are in the process of developing transitional arrangements which will still allow us to agree a joint scrutiny schedule for 2009 which will provide improved scrutiny co-ordination, and where possible reductions in the overall level of scrutiny, for the local government sector.

We are making progress in developing the shared risk assessment framework which will govern our work in the longer term, and expect to test it in practice between May and August this year. We will implement it from November 2009 as a basis for planning and scheduling scrutiny activity in 2010.

We are also developing a single corporate assessment. As you are aware, the strategic group has agreed that the work the Accounts Commission has in hand to develop BV2 will provide the basis for a single corporate assessment of local authorities. This work is now underway and I will provide more information in my next update.

We are conscious of the need to communicate all this work to stakeholders; at present it is not well understood outside those who are most directly involved. For this reason, the strategic group has requested that we set out our communication strategy as a priority and this work is in hand.

We already have some key aspects of the approach in place. For instance, I have met with senior representatives of the Scottish Government, COSLA and SOLACE to provide updates on progress, and the Accounts Commission is due to meet them in March. In addition, COSLA is represented in an observer capacity on the operational group and we have recently engaging with SOLACE on our developing thinking. We are also very aware of the need to consider how local government will be kept informed of and engaged in our development activities, and to demonstrate how this work links with the development of BV2 and new inspection approaches. This will be addressed through the communications strategy.

Some challenges

Overall I believe we have made good progress so far and laid the foundations that will now enable us to step up the pace of change, but I am realistic about the challenges we face. Sustainable improvements in local government scrutiny will involve making changes to the way in which each of the scrutiny bodies carries out its responsibilities, and will involve a number of challenges. These include rolling out a common understanding of the purpose and principles of our joint development work; demonstrating real change within challenging timescales; and the impact of restructuring on some of our colleagues.

Reporting further progress

You have asked me to report quarterly on our progress in achieving more proportionate and risk based scrutiny. My next update will cover the period to the end of March 2009. We are developing a short template report that will allow us to monitor progress against the priorities in the work plan, and this will be included in future progress updates.

I hope that you have found this information helpful. Please let me know if you would like any further information.

Yours sincerely

Caroline Gardner
Controller of Audit and Deputy Auditor General