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Dear *chief executive*

Co-ordination of local government scrutiny activity

Following publication of the Crerar report, the Scottish Government said it would establish a simplified approach to delivering local government scrutiny. As you know, the Cabinet Secretary for Finance and Sustainable Growth invited the Accounts Commission to take on a transitional gate-keeping and co-ordination role with all of the scrutiny bodies involved. I am writing to you on behalf of the strategic group of scrutiny bodies, attended by all of the chief executives and chief inspectors and chaired by me, to update you on the progress we are making.

Working together, scrutiny bodies must deliver more coherent, streamlined scrutiny activity which strikes the right balance between holding councils to account and supporting your improvement ambitions. It is also important that we maintain the independence of scrutiny whilst adding further value and enhancing the improvement capacity within councils.

To allow us to do this, we established a Local Government Scrutiny Co-ordination Strategic Group to set the priorities and oversee development activity. An operational group has also been established to undertake the detailed development work. These groups include representatives from Her Majesty's Inspectorate of Education (HMIE), Social Work Inspection Agency (SWIA), Scottish Housing Regulator (SHR), the Care Commission, Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) and NHS Quality Improvement Scotland (NHS QIS). The key priorities are to:

- **Develop a shared risk assessment (SRA)** process that involves all local government scrutiny bodies. This aims to improve our information sharing and ensure that scrutiny activity is proportionate, in terms of its frequency, intensity and scope, and is based on risk.
- **Develop a single corporate assessment**, using Best Value 2 as the vehicle, and that aims to minimise the potential for overlap and duplication in the scrutiny of councils' corporate functions.
- **Improve scheduling and co-ordination arrangements**, to deliver more co-ordinated local scrutiny planning for councils and identify opportunities for scrutiny bodies to carry out our work in new ways.

These arrangements mark a fundamental shift away from scrutiny based on standard inspections undertaken on a cycle except where there is a high risk. For instance, Ministers have requested a second cycle of child protection inspection because of the variability in performance across the first cycle. We are working with colleagues in all local government scrutiny bodies to establish a shared assessment of the risks in each council and to develop a range of proportionate approaches in response to the risk assessment. We aim to place self evaluation at the heart of this approach. We have already started introducing changes in how we work. Detailed work plans and monitoring information on progress so far is available on the Accounts Commission's web page: www.audit-scotland.gov.uk/scrutiny

During 2009 we are moving on from using the existing separate systems within individual scrutiny bodies to establish new joint arrangements for the longer term. We will also ensure that we can achieve some real and early benefit for councils. Details of the transitional arrangements for 2009 are set out in the attached documentation. The key features are:

- A joint scrutiny schedule for 2009/10 and this is attached to this letter.

- The shared risk assessment framework will be tested during the summer at five BV2 Pathfinder councils (Angus Council, Dundee City Council, East Ayrshire Council, Highland Council, Scottish Borders Council) and two additional Development Site councils (Fife Council and West Dunbartonshire Council). We do not expect that there will be an onerous call on council resources in undertaking this development activity.
- We will aim to establish an ongoing joint local scrutiny presence by setting up local networks of all relevant scrutiny bodies that will provide the local information and intelligence to inform the shared risk assessment in the future. Initially this will be focused on the BV2 Pathfinder and Development site councils.
- We will be seeking to actively engage BV2 Pathfinder and Development Site councils in developing our approach through this summer by holding regular feedback meetings. We will also invite you to a stakeholder engagement event in Autumn 2009 to look at the lessons learned from our testing activity through the summer and set out the plans for next year in more detail.

It is important that the objective of a more proportionate and simplified scrutiny regime is not secured by scrutiny bodies alone. Councils must continue to strive for high quality and efficient performance management systems to support your improvement ambitions. Our joint investment will help us to achieve the more streamlined arrangements we are all seeking to deliver.

I hope this update will reassure you of the progress being made. We are working hard together to meet the challenge of coordinating and integrating our work programmes more effectively and efficiently. We recognise that expectations are high and we must keep you well informed of the action we are taking. We are rising to these challenges by approaching the work as a shared enterprise and by ensuring that what we put in place is sustainable and delivers the improvement needed. We will provide monthly updates on progress on the Accounts Commission web site from April onwards.

I hope that you find this information useful.

Yours sincerely

John Baillie
Chair of the Accounts Commission