

# Local government scrutiny co-ordination Q&A

December 2009

## Questions and Answers

### **1. Why is the scrutiny of local government changing?**

Following the publication of the Crerar Review in September 2007 the Scottish Government committed to establishing a simplified and better co-ordinated approach to delivering local government scrutiny. It's the intention that scrutiny bodies will work together more to better target and streamline scrutiny and achieve greater effectiveness in providing public assurance and promoting improvement in services.

### **2. What is the Crerar Review?**

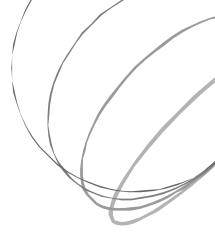
In June 2006 Scottish ministers commissioned Professor Lorne Crerar to conduct a review of the current systems of audit, regulation, inspection and complaint handling. Professor Crerar published his review in September 2007 and made a number of recommendations. He said there should be better co-ordination of scrutiny, that there should be more emphasis placed on self assessment and that the number of scrutiny bodies should be reduced.

### **3. Why is the Accounts Commission involved?**

Two of the recommendations in the Crerar Review were that the Accounts Commission should work with other scrutiny bodies to develop a corporate performance audit which absorbs other corporate level inspections to reduce the burden on local government and that the Commission should co-ordinate scrutiny of local government functions until the longer term changes are fully implemented. The Scottish Government agreed with both these recommendations and in February 2008 asked the Commission to take on a transitional gate-keeping role in respect to the scrutiny of local government.

### **4. What do you mean by a “transitional gate-keeping role”?**

This role aims to ensure that progress is made with the co-ordination of scrutiny. The commission has formed strategic and operational groups to oversee the work on scrutiny co-ordination and is leading the development of systems and process to support this. While the Commission is taking the practical steps to ensure the work is moving forward, it is a joint effort between all the scrutiny bodies to deliver the objectives of better, more co-ordinated scrutiny.



## **5. What is Audit Scotland's involvement?**

Audit Scotland carries out work on behalf of the Accounts Commission and is currently leading the development work for both the shared risk assessment and the single corporate assessment which are designed to support the move to more proportionate risk based scrutiny.

## **6. Who else is involved and what are their roles?**

The Commission is working with the other organisations that carry out scrutiny of local government. They are HM Inspector of Education (HMIE), the Social Work Inspection Agency (SWIA), NHS QIS, the Care Commission, the Scottish Housing Regulator and Her Majesty's Inspectorate of Constabulary for Scotland (HMICS). They are all represented on the operational group set up to work on developing new scrutiny arrangements. A representative from COSLA also sits on this group.

Individual auditors and inspectors from all the agencies are involved in testing the new processes designed to deliver coordinated scrutiny.

## **7. What has the Accounts Commission been doing in its gate-keeping role?**

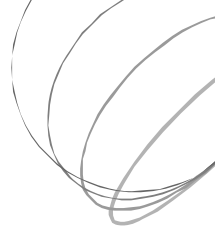
The Commission set up a strategic group to set priorities and oversee the development of the changes. This strategic group is made up of Chair of the Commission and the Chief Inspectors and Chief Executives of the other scrutiny bodies. The group agreed that the key priorities were to improve the planning and scheduling of scrutiny activity; developing a single corporate risk assessment and implementing a shared risk assessment framework. In turn the strategic group set up an operational group to carry out the detailed work.

## **8. Is this co-ordination going to save time and money?**

It is still too early to say what the precise effect of these changes will be. We are currently working on ways to measure this. However, in her second quarterly update the Controller of Audit and Deputy Auditor General, Caroline Gardner, told the Cabinet Secretary for Finance and Sustainable Growth, that there should be a significant reduction in the overall level of scrutiny experienced by local government. We will monitor actual activity against the plans contained in the schedule, and report progress in due course.

As well as the reduction in the overall level of scrutiny, the co-ordination process should make scrutiny more focused on areas where it will have real impact. The scrutiny risk assessment process will need good quality information to support it and this should help to promote improvement in the information that is available to the public to help them assess how well their council is performing.

## **9. Hasn't there been enough communication with local authorities to make sure they know what's happening and can see the results?**



The Accounts Commission has set up an area on their website where regular updates about progress on the joint scrutiny agenda are posted. In addition the Accounts Commission meets regularly with representatives of COSLA and SOLACE.

The development of the baseline for scrutiny activity together with the roll out of the communication strategy will ensure that council's are kept up to date with what is going on. The baseline will give a clear reference point against which improvements can be measured.

**10. How will the Shared Risk Assessment (SRA) work and what will the councils have to do to contribute to it?**

The shared risk assessment will involve local representatives from all the scrutiny bodies responsible for a single council – that is all the local lead auditors and inspectors. They will look at the information they have available from audit and inspection activity, together with data from other sources, such as published statistics and the council's own performance management information. From this they will start to build up a picture of the risks facing the council.

Councils will be asked to provide performance information from their self evaluation processes.

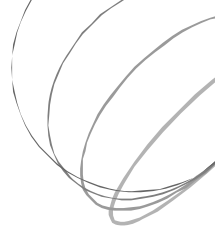
**11. What kind of things will the self evaluation councils carry out have to cover?**

The shared risk assessment process will not require councils to carry out any specific activity or produce any specific information to support the process. COSLA and SOLACE recognise that self evaluation is part of good management and councils are expected to have systems in place that enable them to be aware of how they are performing on a corporate and service basis at any given moment in time. Self evaluation should be built in to management processes and should not be a single event or activity.

Councils should have information that tells them how well their corporate processes are working, how well they are performing in achieving their corporate objectives and whether their services represent value for money in terms of cost and quality. They also need to have information to show how they are meeting their statutory duty of best value in terms of continuous improvement, having regard to sustainability and equal opportunities.

**12. How will you know councils are telling you the truth when they carry out their self evaluations?  
It sounds as if there is going to be a lot of trust involved in this.**

Councils will also have to provide supporting evidence to go with their self evaluation. In addition the decision on the level of external scrutiny at each council will be based on more than just the self evaluation from the council. Scrutiny staff with local knowledge of each council will meet regularly and consider information from annual audit work, from previous inspections and best value audits and statistical data



from other sources, such as the Scottish Government. They will look at how the totality of the information stacks up and how coherent a picture it presents.

**13. Is there a risk scrutiny will become less effective if organisations like Audit Scotland and HMIE are being more hands off and relying on council information?**

Audit and inspection bodies recognise that the ability to provide independent public assurance is fundamental to their credibility. The shared risk assessment will use the local knowledge and skills of auditors and inspectors to test the reliability of the self assessment information before making a decision about what extent they can rely on it. The local government community recognises that self assessment has to be improved across the sector as a whole before it will have a significant impact on reducing scrutiny in its own right.

**14. So what will local government scrutiny look like in 2009? Can you show yet where there are going to be changes?**

2009 has been more of an opportunity to map out what scrutiny activity is occurring and try and minimise clashes and overlaps by doing more joint work.

**15. What will the scrutiny of local government in Scotland look like in the future?**

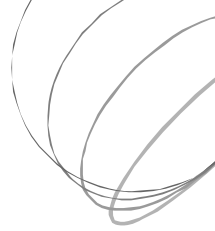
What we are working towards is a programme of scrutiny which is risk-based and proportionate and will have Best Value 2 as the single corporate assessment. The landscape will look simpler and clearer and it councils will be able to see well in advance what scrutiny activity they can expect. Scrutiny bodies will be working together more closely 'behind the scenes' to draw down, share and interpret information so that on-site activity in councils will reduce.

**16. What is the difference between a joint local scrutiny schedule and a joint national scrutiny schedule?**

The local joint scrutiny schedule outlines the scrutiny activity at individual council level. These 32 individual local schedules are then brought together and subjected to a final moderation processes to ensure the risk assessments and proposed scrutiny response are consistent across the range of local authorities. The moderated plans are then brought together into a national schedule which takes account of the capacity available to deliver the plans and any further efficiencies which might emerge through, for instance, taking a national approach to a specific area of concern.

**17. What kind of time frame are you looking at for a new regime of scrutiny to be in place?**

We will test the SRA framework at a number of development sites over the summer of 2009. We'll review our experiences and in November 2009 a refined model will be rolled out ahead of the 2010 activity. After



that roll out we'll develop it further based on any lessons learned. We expect the SRA will be fully implemented for scrutiny activity in 2011.

### **18. Is there any evidence of more proportionate work already?**

It is early days and the focus so far has been on better co-ordination. Our approach to risk assessment is seeing resources for individual pieces of work better targeted.

There is still some debate about establishing the baseline scrutiny position that we are measuring against – for instance about what is scrutiny and what is improvement. We are working with COSLA and SOLACE to establish a true baseline from which we can demonstrate how resources have shifted and what this means in terms of overall scrutiny resources.

**Finance Secretary John Swinney told delegates at a COSLA conference that there hasn't been as much progress as he'd like, he said he'd asked the Commission to speed up its work and said he'll "intensify pace and pressure to make sure that happens". Why are things not moving as fast as the Government would like?**

The short answer is that this is a complicated process and there are some fundamental issues that have had to be ironed out. As an example, there has been a debate about where the role of the scrutiny bodies lies in terms of supporting improvement.

It is expected that the pace of change will increase as we evaluate and learn lessons from pilot work and beginning to implement revised working methods.

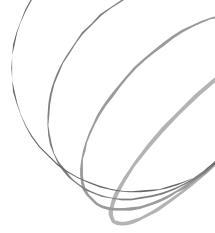
We have already drawn up a joint scrutiny schedule for 2009/2010 and this will be refined going forward.

We are currently rolling out training sessions across all the scrutiny bodies and are in the process of establishing 32 local area networks to cover each council. The local area network comprises the senior auditors and inspectors that have worked on the council and therefore have a wide spread of local knowledge about the council's business and the challenges it faces. These local area networks will produce joint Assurance and Improvement plans for all 32 councils for the three years from 2009/10.

### **19. What is the Commission doing to speed up its work?**

The Commission acts as chair of the strategic group overseeing this work but the work is a collaborative arrangement between all the scrutiny bodies. The strategic group monitors progress and sets timescales to ensure the work is being taken forward at as fast a pace as possible.

The Commission, through Audit Scotland, is leading on the development and testing of the systems and processes which will help to deliver the aim of more co-ordinated and proportionate scrutiny.



## **20. Where does Best Value 2 fit into all this?**

Best Value 2 is part of our revised audit methodology for refocusing best value audits onto things that matter to citizens – outcomes and the quality of services. The BV2 methodology is being developed to incorporate and feed the shared risk assessment process.

A single corporate assessment is a key element of BV2 and this will be used by all the scrutiny bodies to assess corporate issues such as leadership and the capacity to improve.

## **21. Are you talking to councils and taking their views on board?**

The Accounts Commission ran a consultation on Best Value 2 between the end of March and the end of May 2009. It gave anyone, including councils, the chance to make their views on the proposals known. In June, the Commission has held BV2 consultation meetings with councils. We will also get regular feedback from the local authorities chosen to be BV2 pathfinder and SRA development sites during the summer. Then in the Autumn/ Winter we'll hold a number of feedback meetings for councils. These will allow us to share what we've learned from the development work and take feedback from councils on our proposals.

Regular updates are posted on the Commission's joint scrutiny webpage.

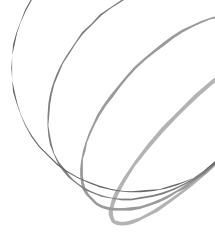
## **22. What are some of the challenges the Commission is facing?**

We are making good progress in our joint work, but we are now entering a new phase as we test out the new working arrangements in practice. This is highlighting a number of potential barriers which will need to be resolved if the new ways of working are to deliver the planned improvements in a sustainable way, including:

- the implications for the governance of individual scrutiny bodies
- the need to balance joint planning with the need to respond quickly when required
- the practical implications of shared risk assessments.

We are currently preparing a draft Joint Code of Practice for the strategic group, and we would welcome the opportunity to engage with the Scottish Government in resolving these issues.

We are clear that we wish to place self evaluation at the heart of our new joint approaches, and we have been testing the extent to which we can rely on council's own self evaluation as part of our development work during the summer. It is important to stress that councils need to continue to invest in these arrangements to ensure that they are fit for the future.



Finally, this work is proceeding at the same time as the new scrutiny bodies for health and social care are being established. We are working hard to ensure that our approach is aligned with the arrangements for the new bodies in order to fulfil the government's objectives, and we recognise that this places additional demands on those colleagues who are involved in both workstreams.

**23. You've got all the different local government scrutiny bodies working together on this. That must prove quite challenging.**

It is challenging but also interesting work. People can see that there are scope for efficiencies in how we operate. It also means that scrutiny bodies are seen to face the same challenges as the bodies they audit and inspect. We are having to face hard questions about delivering best value and ensuring that public money is focused on making services better for the people that use them.

Already we are seeing benefits from having much more detailed discussions between staff from different scrutiny bodies as our knowledge and understanding of councils is increasing.

**24. How is all this going to fit with the changes the government wants to make to the bodies under its remit? Some of the organisations like HMIE and SWIA are facing changes – is this adding a degree of uncertainty?**

The scrutiny landscape is full of uncertainty at the moment. The working arrangements for the new scrutiny bodies are still being decided as the legislation works its way through parliament. The Government is aware that the new legislation will have to support greater collaboration between scrutiny bodies.

It is also unsettling for staff to be implementing radical new approaches to work at a time when they are uncertain where they will fit into new organisations. Part of the development process to have a clear organisational development strategy that will ensure that training and other support is in place for staff to ensure they are well informed about what is happening and what role they will play in the new approaches.

**December 2009**