

# **The Accounts Commission for Scotland**

## **Agenda**

**Meeting on Thursday 23 August 2012,  
in the offices of Audit Scotland, 18 George Street, Edinburgh**

**The meeting will begin at 10:00 am**

1. **Apologies for absence**
2. **Declarations of interest**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 14 to 19 in private.
4. **Minutes of meeting of 14 June 2012**
5. **Minutes of meeting of the Performance Audit Committee of 5 July 2012**
6. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
7. **Update report by the Controller of Audit:** The Commission will consider a report from the Controller of Audit on significant recent activity in relation to the audit of local government.
8. **Developing the rolling performance audit programme:** The Commission will consider a report from the Director of Performance Audit.
9. **Annual Audit Strategy audit quality report:** The Commission will consider a report from the Assistant Auditor General.
10. **Housing and council tax benefits administration audit activity: annual report:** The Commission will consider a report from the Assistant Auditor General.
11. **Performance audit (progress report): Aberdeenshire Council housing and council tax benefit service:** The Commission will consider a report from the Controller of Audit.
12. **Best Value audit and inspection (follow-up report): Strathclyde Police Authority:** The Commission will consider a report from the Controller of Audit.
13. **Best Value audit and inspection: Fife Constabulary and Police Authority:** The Commission will consider a report from the Controller of Audit.
14. **Performance audit (progress report): Aberdeenshire Council housing and council tax benefit service:** The Commission will consider the action it wishes to take on the report.
15. **Best Value audit and inspection (follow-up report): Strathclyde Police Authority:** The Commission will consider the action it wishes to take on the report.
16. **Best Value audit and inspection: Fife Constabulary and Police Authority:** The Commission will consider the action it wishes to take on the report.

17. **Draft response to Scottish Government consultation: Community empowerment and renewal:** The Commission will consider a report from the Secretary and Business Manager.
18. **Draft response to Scottish Government consultation: Integration of health and social care:** The Commission will consider a report from the Secretary and Business Manager.
19. **New Auditor General: Caroline Gardner**
20. **Any other business**

The following papers are enclosed for this meeting:

<b>Agenda Item</b>	<b>Paper number</b>
<b>Agenda Item 4:</b> Minutes of the meeting of the Commission of 14 June 2012	AC.2012.6.1
<b>Agenda Item 5:</b> Minutes of the meeting of the Performance Audit Committee of 5 July 2012	AC.2012.6.2
<b>Agenda Item 7:</b> Update report by the Controller of Audit	AC.2012.6.3
<b>Agenda Item 8:</b> Report by the Director of Performance Audit	AC.2012.6.4
<b>Agenda Item 9:</b> Report by the Assistant Auditor General	AC.2012.6.5
<b>Agenda Item 10:</b> Report by the Assistant Auditor General	AC.2012.6.6
<b>Agenda Item 11:</b> Report by the Controller of Audit	AC.2012.6.7
<b>Agenda Item 12:</b> Report by the Controller of Audit	AC.2012.6.8
<b>Agenda Item 13:</b> Report by the Controller of Audit	AC.2012.6.9
<b>Agenda Item 17:</b> Report by the Secretary and Business Manager	AC.2012.6.10
<b>Agenda Item 18:</b> Report by the Secretary and Business Manager	AC.2012.6.11

**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**MINUTES OF MEETING OF 14 JUNE 2012**

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Minutes of the meeting of the Accounts Commission  
held in the offices of Audit Scotland at  
18 George Street, Edinburgh, on  
Thursday, 14 June 2012, at 10am

**PRESENT:** John Baillie (Chair)  
Alan Campbell  
Sandy Cumming  
Colin Duncan  
Jim King  
Christine May  
Bill McQueen  
Linda Pollock  
Graham Sharp

**IN ATTENDANCE:** Fraser McKinlay, Controller of Audit and Director of Best Value and  
Scrutiny Improvement (BVSI)  
Fiona Kordiak, Director of Audit Services  
Paul Reilly, Secretary and Business Manager  
Ronnie Nicol, Assistant Director, Performance Audit  
Antony Clark, Assistant Director, BVSI [Items 8, 12 and 13]  
Martin Walker, Assistant Director, BVSI [Items 9 and 10]  
Lesley McGiffen, Portfolio Manager (Best Value), BVSI [Items 9 and  
10]  
Gordon Neill, Portfolio Manager (Best Value), BVSI [Item 12]  
Mark McCabe, Project Manager, BVSI [Item 12]  
Kathrine Sibbald, Project Manager, BVSI [Item 12]  
Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland  
[Items 9 and 10]  
Superintendent Phil Carson, Her Majesty's Inspector, Her Majesty's  
Inspectorate of Constabulary Scotland (HMICS) [Items 9 and 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 17 May 2012
5.	Minutes of the meeting of the Financial Audit and Assurance Committee of 10 May 2012
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	The shared risk assessment process and best value audit work
9.	Best Value audit and inspection – Central Scotland Police and Central Scotland Police Joint Board
10.	Best Value audit and inspection – Central Scotland Police and Central Scotland Police Joint Board
11.	Local Government Act 1992 – 2012 Direction on Statutory Performance Information
12.	Best Value audits of fire and rescue services – overview report
13.	Supporting improvement in community planning partnerships
14.	Any other business

#### 1. Apologies

Apologies for absence were submitted from Douglas Sinclair (Deputy Chair), Michael Ash and Colin Peebles.

#### 2. Declarations of interest

There were no declarations of interest.

#### 3. Decisions on taking business in private

The Commission agreed to take the following items in private:

- Items 10 and 11, to allow deliberations on actions arising from the reports.
- Item 12, to allow consideration of a draft report.
- Item 13, to allow consideration of a draft paper.

#### 4. Minutes of meeting of 17 May 2012

The minutes of the meeting of 17 May 2012 were approved.

#### 5. Minutes of the meeting of the Financial Audit and Assurance Committee of 10 May 2012

The minutes of the meeting of the Financial Audit and Assurance Committee of 10 May 2012 were submitted and approved.

6. Chair's introduction

The Commission noted advice from the Chair that:

- On 23 May, he, along with Mike Ash and Alan Campbell, had a meeting with senior officers and members of Comhairle nan Eilean Siar to discuss the report of the Best Value Audit of the Comhairle, published on 29 November 2011.
- On 24 May, he convened a meeting of the Community Planning Partnership audit steering group, also attended by the Douglas Sinclair and Bill McQueen.
- On 31 May, he, along with Douglas Sinclair, Bill McQueen, Christine May and Graham Sharp, had a meeting with senior officers and members of Shetland Islands Council to discuss the statutory follow-up report on the Council, published in January 2012.
- On 7 June, he and Douglas Sinclair met David Martin, Chair, SOLACE (Scotland) and Mark McAteer, Director of Governance and Performance Management at the Improvement Service, to discuss progress with the SOLACE project on developing performance information.
- On 8 June, he attended meetings of Audit Scotland's Audit Committee and its Board.
- On 11 June he delivered a presentation at the *Local Government Explained* conference, held in the COSLA Conference Centre, in which regard he would circulate to Commission members the presentations from the event.

*Action: Secretary and Business Manager*

- On 12 June, he gave an interview to Keith Aitken of *Public Finance* magazine on our scrutiny development and shared risk assessment process.
- Also on 12 June, he met with the Minister for Local Government and Planning, Derek Mackay MSP, to discuss progress with the Commission's proposals for an audit of community planning partnerships. This will be discussed further at today's meeting.
- Further on 12 June, he attended the Scottish Government and COSLA Public Sector Leaders Conference in COSLA Conference Centre.
- Further on 12 June, he attended a meeting of chairs of non-departmental public bodies.
- On 13 June, he and Douglas Sinclair briefed the Scottish Parliament's Local Government and Regeneration Committee, on the Commission's Local Government Overview Report (published on 15 March) and its report in the How Councils Work series on cost information (published on 10 May).
- At the conclusion of the meeting, there would be an informal lunch at the conclusion of the meeting to mark the retirement, at the end of June, of the current Auditor General, Bob Black.

7. Update report by the Controller of Audit

The Commission considered a report by the Controller of Audit providing an update on significant recent activity in relation to the audit of local government.

The Commission:

- Noted advice from the Controller of Audit that he anticipated that the Monitoring Officer in South Lanarkshire Council would report by the end of June on whether she would be conducting any further investigation in relation to the whistleblowing allegations received by the Commission.

- That Commission members be provided with details of appointments to COSLA.

*Action: Secretary and Business Manager*

- Noted the report.

8. The shared risk assessment process and Best Value audit work

The Commission considered a report by the Director of Best Value and Scrutiny Improvement setting out the proposed Best Value audit programme arising from the recent 2012/13 shared risk assessment (SRA) and Assurance and Improvement Plan refresh process.

Following discussion, the Commission:

- noted the planned proposed Best Value audit activity arising from the recent shared risk assessment (SRA) refresh process.
- noted the outcomes of the targeted Best Value audit work at Dumfries and Galloway Council, Fife Council, Moray Council and North Ayrshire Council which arose from the previous year's shared risk assessment process.
- agreed that the Commission be provided, on a regular basis, with individual council shared risk assessments.

*Action: Secretary and Business Manager and Controller of Audit*

9. Best Value Audit – Central Scotland Police and Central Scotland Police Joint Board

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit of Central Scotland Police and Central Scotland Police Joint Board and seeking direction on how to proceed.

The Chair welcomed Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland and Superintendent Phil Carson, HM Inspector, HMICS (a member of the audit team). Andrew Laing and the audit team then presented the report.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit, Her Majesty's Inspector of Constabulary and the audit team on a number of points in the report.

The Commission:

- Agreed that the national overview report on the Best Value audits of police include reference to various aspects of good practice in the Controller of Audit's report.

*Action: Controller of Audit*

- Agreed to note the report and to consider in private its findings.

10. Best Value Audit – Central Scotland Police and Central Scotland Police Joint Board

The Commission agreed that this item be held in private to allow it to consider actions in relation to its findings.

Following discussion, the Commission agreed to make findings as contained in the report to be published in early course.

11. Local Government Act 1992 – 2012 Direction on Statutory Performance Information

The Commission considered a report by the Controller of Audit updating progress in relation to the 2012 Direction for statutory performance indicators.

Following discussion, the Commission agreed:

- that progress be considered further at the next meeting of the Commission.
- that the note of the meeting of the sub-group of members considering the Commission powers in relation to statutory performance information be circulated to members.

*Action: Secretary and Business Manager*

- to note the report.

12. Best Value audits of fire and rescue services – overview report

The Commission considered a report by the Director of Best Value and Scrutiny Improvement setting out a draft national overview report on Best Value in fire and rescue.

Following discussion, the Commission agreed:

- to approve the draft Fire and Rescue Best Value Overview report, subject to incorporation of the points raised in the discussion.
- to give delegated authority to Chair, Deputy Chair and the two study sponsors (Jim King and Christine May) to sign off the final audit report prior to publication.

*Action: Secretary and Business Manager and Controller of Audit*

13. The audit of community planning partnerships

The Commission considered a report by the Director of Best Value and Scrutiny Improvement seeking endorsement on the proposed approach to the Community



Planning Partnership (CPP) and outcomes audit, to be presented to the Cabinet Secretary for Finance, Employment and Sustainable Growth later in June.

Following discussion, the Commission agreed:

- to approve the proposed approach to the CPP and outcomes audit.
- note that the proposals will be discussed with scrutiny partners at the meeting of the Strategic Scrutiny Group meeting on 15 June.
- to give delegated authority to the Chair and Deputy Chair to sign off final proposals, reflecting any changes deemed appropriate arising from discussion with key stakeholders.

14. Any other business

There was no other business to be considered.

**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**MINUTES OF MEETING of PERFORMANCE AUDIT COMMITTEE OF 5 JULY 2012**

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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, 5 July 2012, at 10.30am.

PRESENT: Douglas Sinclair (Chair for Items 1 to 8 and 10)  
John Baillie (Chair for Items 9 and 11)  
Mike Ash  
Alan Campbell  
Jim King  
Christine May

OTHER COMMISSION MEMBERS PRESENT: Linda Pollock [Item 7]

IN ATTENDANCE: Angela Cullen, Assistant Director, Performance Audit Group (PAG)  
Ronnie Nicol, Assistant Director, PAG  
Gordon Smail, Acting Secretary and Business Manager  
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement (BVSI) [Item 4]  
Lesley McGiffen, Portfolio Manager, BVSI [Item 4]  
Gillian Battison, Project Manager, BVSI [Item 4]  
Claire Sweeney, Portfolio Manager, PAG [Items 7 and 10]  
Phil Grigor, Project Manager, PAG [Item 7]  
Miranda Alcock, Portfolio Manager, PAG [Item 8]  
Ffion Heledd, Project Manager, PAG [Item 8]  
Kirsty Whyte, Senior Performance Auditor, PAG [Item 8]  
Mark Roberts, Portfolio Manager, PAG [Item 9]  
Liz Ribchester, Senior Performance Auditor, PAG [Item 9]  
Sally Thompson, Project Manager, PAG [Item 10]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 29 March 2012
4.	How Councils Work 4: Managing performance and improvement
5.	Update report on performance audit programme and BVSI work
6.	Developing the rolling performance audit programme
7.	Emerging messages: performance audit – health inequalities
8.	Emerging messages: performance audit – approaches to reduce reoffending
9.	Draft project brief: performance audit – protecting consumers
10.	Draft project brief: performance audit – housing overview
11.	Any other business

1. Apologies for absence

Apologies were received from Colin Peebles.

2. Declarations of interest

Jim King declared an interest in Item 7 (Emerging messages: performance audit – health inequalities) in his capacity as a non-executive director of health boards.

Douglas Sinclair declared an interest in Item 9 (Draft project brief: performance audit – protecting consumers) in his capacity as Chair of Consumer Focus Scotland and left the meeting when that item was reached.

3. Minutes of meeting of 29 March 2012

The minutes of the meeting of 29 March 2012 were submitted and approved.

4. How Councils Work 4: Managing performance and improvement

The Committee considered a report from the Director of Best Value and Scrutiny Improvement presenting an initial draft report in the How Councils Work series, on the subject of managing performance and improvement.

The Committee welcomed the draft report and approved it as a basis for a final draft to be submitted to the Commission in September, subject to consideration being given to points raised in discussion.

*[Action – Director BVSI]*

5. Update report on performance audit programme and BVSI work

The Committee considered a joint report by the Directors of Performance Audit and Best Value and Scrutiny Improvement providing an update on the progress for: performance audits; the How Councils Work series; and impact reports. The report also contained information on development work to support the performance audit rolling programme approach.

During discussion, the Committee noted:

- follow-up audit work in 2012/13 is likely to focus on the Scotland's Public Finances 2 report, and in particular on financial management issues
- the steps which PAG takes to support local follow-up work.

The Committee also noted the policy portfolio briefing paper for primary health and social care (including housing) which was attached as an appendix to the report. The Committee welcomed the paper and asked that similar briefing papers for the other policy portfolios are circulated to members for information.

Thereafter the Committee agreed to note the report.

*[Action – Director of Performance Audit]*

6. Developing the rolling performance audit programme

The Committee considered a report by the Director of Performance Audit providing an update on how PAG is developing the rolling performance audit programme on behalf of the Accounts Commission and the Auditor General. Angela Cullen (Assistant Director, PAG) tabled a paper summarising the current and planned programme of audits.

During discussion, the Committee noted:

- due to the nature of the proposals, which involve how the Accounts Commission consults on the programme of performance audits and related roles for the Performance Audit Committee and the Financial Audit and Assurance Committee, these matters should be considered by the full Commission
- the proposals should be considered in the context of any more general changes in business management which flow from discussions at the Commission's strategy event
- it is important to ensure that the Commission discusses the programme with organisations representing local authority staff interests
- SOLACE should be included in consultations on the programme and consultations with SOLACE and COSLA may be covered as part of the Commission's wider engagement strategy.

Thereafter the Committee noted the update report and agreed that the proposals, and the paper summarising the current and planned programme of performance audits, should be put forward to the Accounts Commission at its meeting in August. The Committee was invited to submit comments on the summary paper to Angela Cullen in the meantime.

*[Action – Director of Performance Audit]*

7. Emerging messages: performance audit – health inequalities

The Committee considered a report by the Director of Performance Audit presenting emerging messages from the performance audit on health inequalities, conducted jointly on behalf of the Accounts Commission and the Auditor General.

The Committee approved the emerging messages as the basis for a draft report, subject to consideration being given to points raised in discussion.

The Committee noted that the draft audit report would be submitted to the Commission in August and that publication is planned for November.

*[Action – Director of Performance Audit]*

8. Emerging messages: performance audit – approaches to reduce reoffending

The Committee considered a report by the Director of Performance Audit presenting emerging messages from the performance audit on approaches to reduce reoffending, conducted jointly on behalf of the Accounts Commission and the Auditor General.

The Committee approved the emerging messages as the basis for a draft report, subject to consideration being given to points raised in discussion.

The Committee noted that the draft audit report would be submitted to the Commission in September and that publication is planned for November.

*[Action – Director of Performance Audit]*

9. Draft project brief: performance audit – protecting consumers

The Committee considered a report by the Director of Performance Audit inviting it to approve the approach to the protecting consumers performance audit.

During discussion, the Committee noted:

- this is a wide-ranging topic and it is helpful that the project brief is clear about the scope and what the audit will include, and what it will not cover
- interviews with organisations with an interest should include the police, to discuss co-operation on consumer related issues across boundaries and jurisdictions
- it will be important to explore how councils monitor service performance and to identify good practice in service delivery.

Thereafter the Committee agreed to approve the approach set out in the project brief.

10. Draft project brief: performance audit – housing overview

The Committee considered a report by the Director of Performance Audit inviting it to approve the approach to the housing overview performance audit.

During discussion, the Committee noted:

- that the housing overview audit will of necessity be high level and is likely to identify matters for more detailed consideration in future performance audits. There are parallels with the approach taken following the justice overview
- the focus is public sector provision and the role of the not-for-profit sector
- in considering how well housing is planned at a national and local level, the audit should consider whether councils have revised their housing strategies and plans to reflect changes in the general housing market in recent years
- in reviewing demand and available supply, consideration should be given to houses currently not let
- in reviewing housing support services, consideration should be given as to whether there are opportunities to link housing access support with other housing related advice e.g. home safety
- interviews with organisations with an interest should include the Royal Institution of Chartered Surveyors, in view of its wide-ranging role in housing related matters.

Thereafter the Committee agreed to approve the approach set out in the project brief.

11. Any other business

There was no other business.

The next meeting of the Performance Audit Committee is scheduled for Thursday, 6 September 2012, at 10.30am.

**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**REPORT BY THE CONTROLLER OF AUDIT**

**UPDATE REPORT**

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**Introduction**

1. The purpose of this regular report is to provide an update to the Commission on significant recent activity in relation to the audit of local government.
2. It is intended to complement the intelligence reports to the Financial Audit and Assurance Committee, which provide a more detailed update on issues arising in local government.
3. The most recent such report was at the Committee meeting of 10<sup>th</sup> May 2012.

**Local government issues**

*Audit of Accounts*

4. The unaudited accounts of the 32 councils and 45 other local authorities were received by the target date of 30th June. All councils have arrangements in place to allow members of the public to inspect the accounts and to lodge any objections with the auditor. By 15<sup>th</sup> August, I had received one objection to the accounts of Scottish Borders Council. Following normal practice, the auditor is making arrangements to meet the objector.

*CPP Audit*

5. We submitted the formal proposal setting out our approach for auditing CPPs and outcomes to John Swinney on 29<sup>th</sup> June. At the time of writing we have not received a formal response.
6. Audit teams (including scrutiny partners from Education Scotland, the Care Inspectorate and HMICS) have been formed and work has commenced at the three early audit sites: Aberdeen City, North Ayrshire and Scottish Borders CPPs. Draft scope documents for each of the audits are being considered by a Quality and Consistency Review Panel (QCRP) before fieldwork commences in late August/early September. The QCRP is chaired by Fiona Kordiak from Audit Scotland. The other members are David Martin (Chief Executive Renfrewshire Council), Annette Bruton (Chief Executive Care Inspectorate) and Sally Hammond (Associate Director Audit Commission).

*Issues arising on individual councils*

7. Newspapers continue to carry stories about South Lanarkshire Council. Some of these relate to concerns about recruitment and selection processes, standards of conduct and financial control. I updated the Commission on our investigation into these allegations at

its June meeting. Others press comments relate to the departure of the council's former Director of Finance This was covered in the 2010/11 annual audit report on the council and will be followed up in the report for 2011/12.

8. The Auditor General has passed correspondence she has received from an MSP raising concerns about payments to former directors of TIE to me. Audit Scotland has responded informing the MSP that, although the audit of TIE is outwith our remit, the payments which are causing concern will be disclosed in the group accounts of City of Edinburgh Council and will therefore be subject to examination by the council's auditor. I have asked the auditor to keep me informed of any issues that emerge in relation to the payments.
9. Following correspondence from a former senior officer at East Lothian Council raising concerns about a restructuring of its senior management team, I asked the auditor to look into a number of the issues raised. I have since met the council's chief executive to discuss the auditor's findings and I am considering whether I should take further action.

#### *Highland Council CHP project*

10. Members will recall a report which I brought to the Commission in February 2011 regarding The Highland Council's involvement in Caithness Heat and Power (CHaP), an innovative project aimed at providing heat and hot water to homes in Wick and electricity for sale to the national grid. The Commission found that the Council failed to establish effective governance arrangements and clear lines of accountability for those officers involved in the project. The Commission concluded by noting that it was not possible at that time to determine how the project would progress or the extent of any loss of public funds and requested me to report again at an appropriate point.
11. The external auditors and I have been monitoring the position and, in particular, the action taken by the Council to dissolve the CHaP company and the progress of decommissioning and reinstatement projects. This has included negotiations with a company which expressed an interest in providing a service to homes connected to the heating system and discussions with partner organisations on residual matters relating to land and buildings. I will continue to monitor and will assess the most appropriate time to report formally to the Commission, with a view to providing as full and final a picture as possible on the outcome of CHaP.

#### **Parliament**

12. The Police and Fire Reform Bill received royal assent on 7<sup>th</sup> August. Processes are underway to recruit chairs for the boards of the new authorities for Police and Fire and for the new Chief Constable and the new Chief Fire Officer. The appointment of the Chief Constable is expected to be announced in October and the appointment of the Chief Fire Officer in August.

#### **National Audit Office**

13. Lynda McMullan has taken up post as Assistant Auditor General with responsibility for local government issues. She was formerly Director of Finance and Procurement at Kent County Council.
14. The National Audit Office is undertaking a study into financial sustainability in local authorities. It will assess whether central and local government have taken account of

and are responding to the impact funding changes will have on councils' financial sustainability and their ability to deliver essential services.

## **Conclusion**

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

**Fraser McKinlay**  
**Controller of Audit**  
**15 August 2012**



**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**REPORT BY DIRECTOR OF PERFORMANCE AUDIT**

**DEVELOPING THE ROLLING PERFORMANCE AUDIT PROGRAMME**

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**Introduction**

1. This paper provides an update on how Performance Audit Group (PAG) is developing the rolling Performance Audit (PA) programme on behalf of the Accounts Commission and Auditor General. It also sets out proposals for how the Accounts Commission could engage with PAG about the rolling PA programme, including reviewing the strategic themes; and how it could formally consult with stakeholders in future.
2. I provided proposals on the above to the Performance Audit Committee at its meeting on 5 July 2012. The committee agreed that I should bring this paper to the full Accounts Commission for consideration.

**Developing the rolling programme of performance audits**

3. PAG develops, manages and delivers the PA programme on behalf of the Accounts Commission and Auditor General. When PAG was established in 2010, I proposed to the Accounts Commission that we could improve the PA programme by making it rolling rather than annual. At that time, the Accounts Commission agreed that we should move to a more dynamic, longer term, rolling programme. Although we have made some progress towards this goal, by making the programme more current, relevant and flexible we have not yet established a continuously evolving rolling PA programme.
4. This paper sets out PAG's revised approach for developing the rolling PA programme. This includes the process from generating ideas for potential performance audits through formal appraisal to the point at which the Accounts Commission and AGS agree that a performance audit should be added to the programme. The process is illustrated in Appendix 1.
5. We want to increase the work we do on programme development and recognise that this is an integral part of delivering the rolling programme and is just as important as work on individual audits. Investing in programme development will provide richer evidence on which we will base our decisions about what to audit. This will further improve and strengthen the overall rolling PA programme, ensuring that audits add value and contribute to improvement, while further enhancing the Accounts Commission's reputation.
6. The rolling PA programme is focused on value for money – economy, efficiency and effectiveness – and on governance and accountability and is underpinned by five strategic themes:

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|---|---|
| <ul style="list-style-type: none"> <li>• <b>Managing reductions in public sector budgets</b></li> </ul> | Looking at how public bodies are coping with cost pressures and reducing budgets whilst sustaining economic growth.   |
| <ul style="list-style-type: none"> <li>• <b>Investment</b></li> </ul>                                   | Looking at the use of public money in infrastructure investment (capital projects and programmes) and investing in preventative measures.                               |
| <ul style="list-style-type: none"> <li>• <b>Partnership working</b></li> </ul>                          | Examining the value for money of partnership working and whether this way of planning and delivering public services is making a real difference.                       |
| <ul style="list-style-type: none"> <li>• <b>User focus and personalisation</b></li> </ul>               | Looking across organisational boundaries and identifying cost-effective ways of delivering public services which better suit people's needs, whilst delivering savings. |
| <ul style="list-style-type: none"> <li>• <b>Environmental auditing</b></li> </ul>                       | Reviewing how Scotland is responding to the challenges of reducing carbon emissions and adapting to climate change.   |

These themes have served us well over the last couple of years but I believe that it would be worth revisiting these themes to ensure they remain fit for purpose and fit with the Accounts Commission's and new AGS' strategic priorities. I propose that we review these themes during 2012 to inform the rolling PA programme for 2013/14 and beyond.

7. As the Commission is aware, PAG is constantly generating ideas for potential performance audits. Portfolio managers have a significant role to play in developing the rolling programme. They regularly engage with external stakeholders, discussing policy developments, risks and issues, and potential performance audits. We use information and intelligence on emerging public sector risks and issues arising from our and others' work. For example, all staff across Audit Scotland contribute to the current issues reports prepared for the Financial Audit and Assurance (FAA) Committee and Audit Scotland's Management Team. These reports are shared across Audit Scotland and PAG uses the emerging themes and risks to identify potential performance audits and feed in to the process for researching, appraising, scoping and delivering performance audits. We also aim to reduce the burden of scrutiny and ensure that there is no duplication or overlap of areas being reviewed by inspectorates and regulators. Within PAG we also research policies, legislation and other documents and analyse publicly available data to increase our information and intelligence and inform the rolling PA programme. We have provided examples of portfolio updates in recent update papers on the PA programme to the PA Committee and can make these available to all Commission members.
8. In addition to this regular portfolio management work we also want to seek the views of the Accounts Commission and Auditor General about their ideas for

potential audits at an earlier stage. This would allow us to subject these ideas to the same process as ideas generated internally within PAG.

9. Our process involves formally appraising potential performance audits to ensure that they have strong audit questions, can add value and maximise impact. PAG's Management Group (PAMG) formally reviews all project appraisals and decides which audits we will propose to the Accounts Commission and Auditor General should be added to our rolling PA programme.<sup>1</sup> Not all project appraisals result in performance audits – they may be dropped or fed in to other audits. Alternatively, we may identify other outputs that could be prepared and published, that contribute to public service improvement, if the Accounts Commission and Auditor General agree this is appropriate.
10. We aim to add one performance audit to the programme a month to ensure that we always have a rolling programme of 8-10 planned performance audits to be published in the following year. In addition to the planned audits we may also have to respond to issues and add audits to our programme during any year. We plan our resources on the basis that we can respond to such issues and add up to two further performance audits to our programme in any year. We will formally seek the Accounts Commission and Auditor General's approval for audits to be added to the rolling programme, after which we will make this information public.
11. My proposals for future engagement on developing the rolling programme are outlined in paragraphs 16 to 20 of this report.

### **Communicating and consulting on the rolling PA programme**

12. We want to move to publishing the rolling PA programme for the next twelve months on Audit Scotland's website i.e. publishing the 10-12 performance audits due to be published over the following twelve months rather than for financial years.<sup>2</sup> Again, this means that we will need to change the way we work. We plan to update the website each month, removing audits that have been published and adding new audits. We will use the website to request feedback and commentary on our rolling programme on an on-going basis.
13. The Accounts Commission has a statutory duty to consult with associations of local authorities or other bodies whose accounts require to be audited and associations of employees.<sup>3</sup> In the past, this statutory duty has been met by formally consulting with COSLA and STUC as associations representing local authorities and staff.
14. After discussion with the PA committee, I would like to propose that the Accounts Commission changes the way that it engages and consults on the rolling PA programme.
  - For staff associations, it is appropriate to continue to formally write to STUC on an annual basis and ask for a formal response on the rolling programme

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<sup>1</sup> PAMG consists of the Director, Assistant Directors and Portfolio Managers in PAG.

<sup>2</sup> 10-12 performance audits a year includes 8-10 planned and up to two reactive audits. We will continue to plan, monitor and measure performance audits delivered in each financial year to align with our budget, business plan and corporate plan and report performance accordingly.

<sup>3</sup> Local Government (Scotland) Act 1973 S97A

proposals for the next twelve months. The letter could also direct them to Audit Scotland's website and suggest that they can submit comments at any time.

- In relation to COSLA, I would like to propose that the Accounts Commission has annual meetings, supported by PAG staff, to discuss the rolling programme as part of a regular engagement process. In addition, COSLA may be encouraged to submit comments through the website at any time.
- I propose that the Commission also extends the approach outlined for COSLA to SOLACE.

15. The Auditor General will need to inform the Scottish Parliament about the rolling PA programme. I have discussed the process for developing the rolling PA programme with the Auditor General and she is content with the process. She is also keen to work with the Commission and PAG to review the strategic themes that underpin the programme over the next few months.

### **Engaging the Accounts Commission in shaping the rolling PA programme**

16. Over the last year we (Directors of PA and BVSI) have provided the PA committee with updates on the rolling PA programme at each meeting. I have used these updates to inform the committee about developments, policy monitoring and proposed changes to the rolling PA programme. We used this process to request the Committee's approval to add a Housing overview to the programme for 2012/13, and this provided members with an early opportunity to influence the scope of this audit by suggesting areas for inclusion. In my view, this process appears to be working well. We are currently considering how best to report progress on our work to both the Accounts Commission and Auditor General.
17. The new process outlined above (and in Appendix 1) means that we would like to extend our engagement with the Accounts Commission on how we develop the rolling PA programme on your behalf.
18. However, you are aware that we have done a lean review of our process for performance audits and are currently streamlining the process by removing steps and activities. I am keen, therefore, not to add unnecessary steps in to the process or duplicate the effort of Commission members and PAG staff. I am also aware that the Commission considered its working arrangements at the strategy seminar in the spring and that these are currently being reviewed. We will obviously adapt our approach to any changes in the way the Commission works if this is necessary.
19. I would therefore like to propose the following approach for future Accounts Commission engagement with PAG on the rolling PA programme:
- I will continue to provide regular updates on the rolling programme to the PA Committee at each of its meetings. These update reports will provide the latest position on the performance audits in the current programme. The paper will also provide an opportunity to discuss the rolling programme. To facilitate this, PAG will make proposals to the committee, based on the robust appraisal work we have done, about potential performance audits to be added to or removed from the programme. Committee members can also suggest ideas for potential performance audits that we will take away to research and appraise, as we would do with other ideas, and report back at a future

meeting. Appendix 2 provides an overview of the current rolling PA programme (as at July 2012).

- The Chair of the PA Committee updates the Accounts Commission after each PA Committee meeting about discussions and decisions relating to the rolling PA programme, based on the PAG update paper and minutes of the PA Committee meeting.
- The FAA Committee, when considering current issues reports on local government, may want to reflect on the emerging themes and risks and identify areas that may be worth investigating in more detail through a performance audit. The Chair of the FAA Committee could update the full Accounts Commission on suggestions for the rolling PA programme or feed these ideas directly to me or Angela Cullen, who has lead responsibility for developing the rolling PA programme.
- Once a year, the full Accounts Commission, Auditor General and senior staff in PAG get together in a workshop format (in private) to discuss the rolling PA programme and review the strategic themes. I propose that this also includes a discussion about how, when and about what the Accounts Commission will consult with COSLA, SOLACE and STUC. I envisage that this workshop would last a couple of hours. It could be held on the afternoon of an Accounts Commission meeting or a separate meeting could be convened.
- Throughout the year, Accounts Commission members can suggest ideas for potential performance audits by contacting me or Angela Cullen, rather than waiting for a formal meeting.

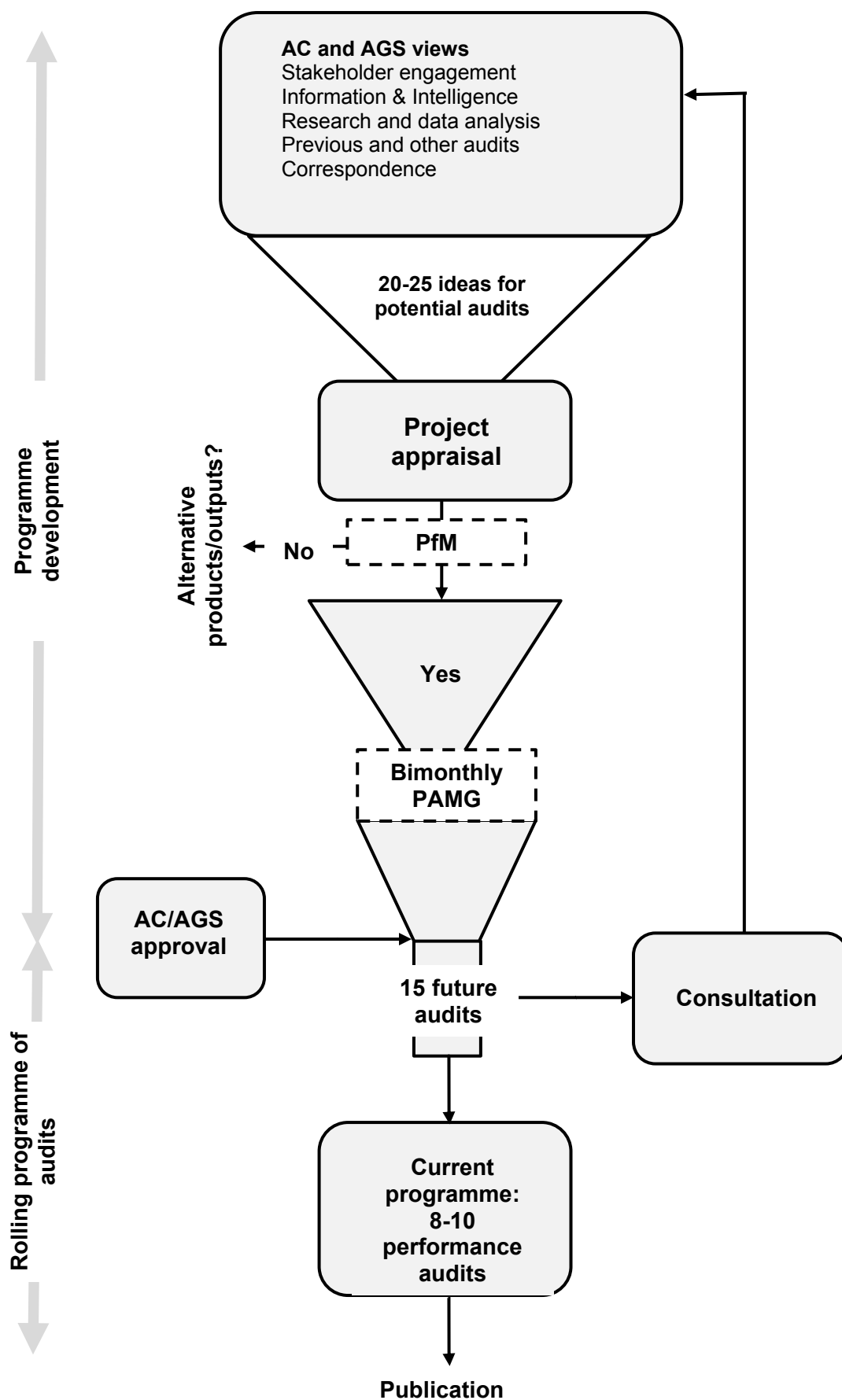
20. I welcome the Commission's views on this proposal.

## **Conclusion**

21. The Commission is invited to:

- Note PAG's revised approach to developing the rolling programme.
- Consider and agree the proposal for future engagement with the Accounts Commission on the rolling programme.
- Consider the proposal to change the way the Accounts Commission consults on the rolling PA programme.

**Barbara Hurst**  
**Director of Performance Audit**  
**August 2012**



## ROLLING PROGRAMME OF PERFORMANCE AUDITS

Publish in 2012/13	Publish in 2013/14	Publish in 2014/15	Publish in 2015/16
1. <b>Mergers of public bodies (June 2012)</b> AGS	1. <b>Workforce planning (Pub date TBC)</b> Joint AC/AGS	1. <b>Climate change duties</b> Joint AC/AGS	1. <b>NHS overview</b> AGS
2. <b>Managing ICT contracts in central government (Aug 2012)</b> AGS	2. <b>Renewable energy (Pub date TBC)</b> Joint AC/AGS	2. <b>NHS overview</b> AGS	2. <b>Review of police reform</b> AGS
3. <b>Colleges sector overview (Sep 2012)</b> AGS	3. <b>Operating theatres (NHS efficiency series) (Pub date tbc)</b> AGS	3. <b>Commonwealth Games 2014 (final report)</b> – Mar 2015 at earliest (may be early in 2015/16). Joint AC/AGS	3. <b>Review of fire reform</b> AGS
4. <b>NHS overview of financial performance (Oct 2012)</b> AGS	4. <b>Drugs &amp; alcohol FU (Pub date tbc)</b> Joint AC/AGS	4. <b>Efficiency of processing summary justice cases</b> Joint AC/AGS	4. <b>Review of health and social care partnerships</b> Joint AC/AGS
5. <b>Health inequalities (Dec 2012)</b> Joint AC/AGS	5. <b>Modern Apprenticeships (Pub date TBC – rescheduled to allow NHS waiting times to be done in 2012/13)</b> AGS	5.	5.
6. <b>Reducing reoffending (Nov 2012)</b> Joint AC/AGS	6. <b>NHS annual overview (pub date tbc)</b> AGS	6.	6.
7. <b>NHS waiting times (Nov 2012)</b> <b>**New audit**</b> AGS	7.	7.	7.
8. <b>GP prescribing (Jan 2013)</b> AGS	8.	8.	8.
9. <b>Protecting consumers (Jan 2013)</b> AC	9.	9.	9.
10. <b>Major capital investment in councils (Mar 2013)</b> AC	10.	10.	10.
11. <b>Housing overview (Mar 2013)</b> Joint AC/AGS	11.	11.	11.
	12.	12.	12.

**Note: We have identified a number of topics which we will keep under review. If a topic under review becomes more relevant or would add more value than a proposed audit in the programme or issues of public concern arise then, taking our capacity to undertake a review into account, we will add this to our programme or reschedule our programme to allow this to happen.**

## Examples of areas being kept under review for potential inclusion in the rolling programme

2012/13 programme	2013/14 programme	2014/15 programme	2015/16 programme
We have a full programme for 2012/13	<ul style="list-style-type: none"> <li>Enterprise overview (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>Planning FU (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>Forestry (AGS)</li> </ul>
	<ul style="list-style-type: none"> <li>Change fund – review of fund for reshaping care for older people (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>Rural overview (AGS)</li> </ul>	<ul style="list-style-type: none"> <li>Waste management (Joint)</li> </ul>
	<ul style="list-style-type: none"> <li>Operating theatres (AGS)</li> </ul>	<ul style="list-style-type: none"> <li>Telehealth &amp; care (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>Maternity services (AGS)</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Outpatient services (AGS)</li> </ul>	<ul style="list-style-type: none"> <li>Diagnostic services FU (AGS)</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Ambulance services (AGS)</li> </ul>	<ul style="list-style-type: none"> <li>Managing structural reform in the FE sector (AGS)</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Housing audit – focus to be determined from Housing overview published in 2012/13 (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>Reform of teachers' terms &amp; conditions (Joint)</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Services for children with disability (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>Self-directed support (Joint)</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Dementia services (Joint)</li> </ul>	<ul style="list-style-type: none"> <li>Major capital investment in councils FU (AC)</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Ferry services (AGS)</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Shared services (Joint)</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
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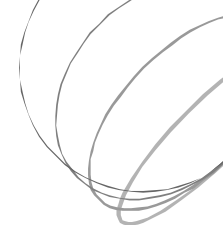


# 2011/12 Quality Report

**Report on the quality arrangements in Audit Scotland for the year ending 31 March 2012**

# Contents

<b>Introduction</b>	<b>2</b>	<b>Results of Quality Control Activity</b>	<b>13</b>
<b>Quality Arrangements</b>	<b>3</b>		
Audit Services Group	4	Audit Services Group	13
Appointed firms	6	Performance Audit Group	14
Performance Audit Group	7	Best Value and Scrutiny Improvement Group	14
Best Value and Scrutiny Improvement Group	9	Audit Strategy Group	15
Audit Strategy Group	10	<b>Conclusion</b>	<b>18</b>
Corporate Services Group	11	<b>Glossary</b>	<b>19</b>

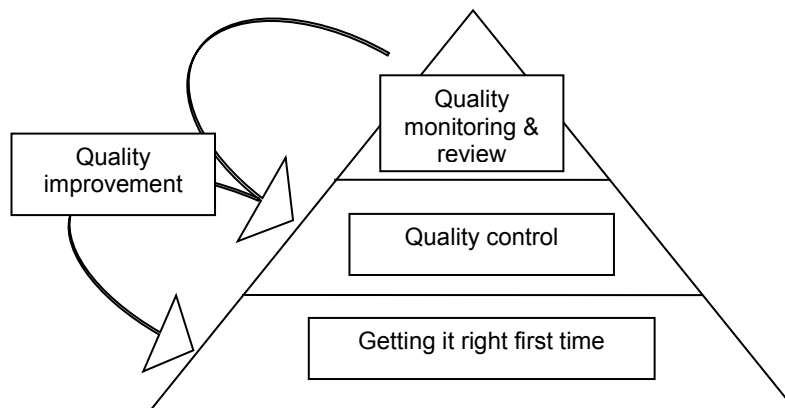


# Introduction

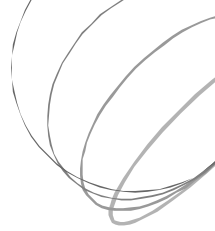
1. On behalf of the Auditor General for Scotland and the Accounts Commission, Audit Scotland carries out financial and performance audits on various aspects of how public bodies work. The Auditor General and Accounts Commission also appoint external auditors from private firms of auditors, primarily for financial audit work.
2. Audit Scotland's corporate quality framework was updated in 2012 following the publication of Audit Scotland's Corporate Plan 2012-15 and includes a requirement for an annual report. This is the third such report produced under the framework. The report summarises the arrangements in place for maintaining a high quality of work, both by Audit Scotland and the appointed firms, for the services provided to the Auditor General and the Accounts Commission.
3. This report is prepared for Audit Scotland's Audit Committee as part of their overall assurance on internal controls and for the Accounts Commission and Auditor General to provide assurance to them as commissioners of audit work.
4. The Auditor General oversees the audits of most public bodies in Scotland (except local authorities). He can also decide to carry out performance audits of particular organisations, sectors or issues. The Accounts Commission arranges the audits of councils and police and fire and rescue boards and is responsible for the Best Value audit of local authorities. It also carries out performance audits.
5. The work undertaken covers over 200 organisations including:
  - 73 central government bodies (Scottish Government, non-departmental public bodies and others)
  - 23 NHS bodies
  - 32 councils
  - 8 local government pension funds
  - 45 joint boards and committees (including police and fire and rescue services)
  - 37 further education colleges
  - Scottish Water.
6. Appointed auditors (including staff of Audit Scotland) are required to follow Audit Scotland's Code of Audit Practice. The Code explains how auditors should carry out their functions under the Public Finance and Accountability (Scotland) Act 2000 or the Local Government (Scotland) Act 1973. A revised Code was approved in March 2011 to apply to the new round of audit appointments for 2011/12 to 2015/16.
7. Audit Scotland's Audit Strategy group is responsible for maintaining the corporate quality framework, oversight of the arrangements in place across Audit Scotland and preparing this report.

# Quality Arrangements

8. The Audit Scotland corporate quality framework was updated and approved in April 2012. It sets out the high level principles that Audit Scotland adopts in carrying out its work for the Auditor General and the Accounts Commission, including the production of an annual quality report. The principles within the framework apply equally to all of our work and all of our staff although the way in which they are implemented in practice will vary between Business Groups and according to the type of work being undertaken.
9. The framework and this report are part of the arrangements in place for ensuring the overall quality of our work, including that carried out by the firms. Other arrangements include those in place for the development of the Performance Audit Programme and for measuring the impact of our work.
10. The principles of the quality framework can be expressed diagrammatically as:

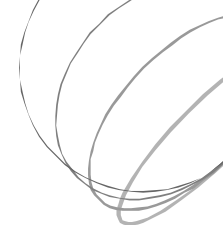


11. The primary aim of our quality arrangements is to ensure that we get it right first time as often as possible. Quality control covers the routine processes designed to check, during the course of a project, that we are getting it right whereas Quality monitoring and review provides post project appraisal of quality. Feedback from each part of the arrangements is essential to provide continuous improvements in the quality of our work.
12. Business Groups are responsible for establishing the quality arrangements for their activities including the processes for getting it right first time, quality control and quality monitoring and review. Key documents are available to staff on the Audit Scotland intranet (ishare). A brief description of the arrangements in place in each group is set out below.



## Audit Services Group

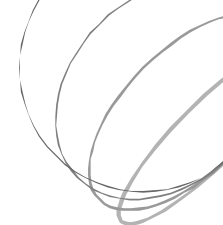
13. Audit Services Group (ASG) has had a quality framework in place since 2005, which reflects the corporate quality framework. ASG's framework covers financial audit, ethical and quality standards as required by the Auditing Practices Board. The foundation of ASG's quality framework is the ASG Audit Guide, which incorporates the application of professional auditing, quality and ethical standards together with the Code of Audit Practice, into an audit methodology which is used across all audits in ASG.
14. The Professional Standards Group (PSG), which consists of staff members from across ASG and reports directly to ASG's Management Team, oversees the development of the Audit Guide and the integration of new standards into ASG's audit approach.
15. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances. As part of the system of quality control, ISQC1 states that an engagement quality control review, known in ASG as a *Peer Review*, should be performed for all audits meeting certain criteria. ASG Management Team has set out the criteria, which include among other things the size of fee, risk, and previous or anticipated qualified opinions on the financial statements.
16. Peer reviews involve discussion with the appointed auditors, a review of the financial statements and supporting information, and consideration of whether the proposed opinion is appropriate. ASG Management Team nominate peer reviewers from the assistant directors group to carry out the reviews – peer reviewers have no involvement with the audit in the current or recent financial years, in line with ASG's rotation policy.
17. The Quality Monitoring Team, which is led by experienced senior staff, work closely with the PSG. Each year the team undertakes „hot“ and „cold“ reviews of audits. Hot reviews are carried out during the live audit process, focusing on judgements and risks and ensuring that audits are carried out in accordance with ASG's audit guidance. Cold reviews are undertaken after the completion of the audit and cover the same issues, in addition to which they look more broadly at the wider conduct of the audit including the impact on the public body. These reviews enable the team to report on areas for improvement, training needs and good practice.
18. A programme of external monitoring is also in place, which includes cold reviews of audits, as well as considering compliance with quality control standards.



19. The work of the PSG and Quality Monitoring Team, along with findings from external monitoring, feeds into the annual learning and development plan which incorporates mandatory annual practitioner updates for all ASG staff. These annual sessions provide training on changes to the Audit Guide and developments in auditing and professional standards.

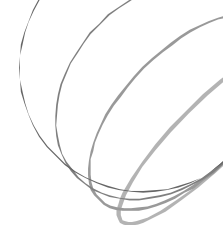
## Developments

20. ASG launched a refreshed Audit Guide in December 2011 as part of its annual audit update training session to all staff. The refreshed Audit Guide includes more detail on the approach to auditing small bodies, and the integration of information management into the audit approach. The audit guide is supported by a number of guidance notes on specific issues such as audit testing guidance.
21. New arrangements for independent review were put in place during the year with the Institute of Chartered Accountants of Scotland (ICAS), covering a four year period, and a programme of external reviews was completed in February 2012.
22. The Quality Monitoring Team are developing the cold review programme for 2012/13 and as part of this process are engaging with the Welsh Audit Office around reciprocal cold review arrangements.
23. An updated ISQC1 arrangements questionnaire, describing the quality control and quality monitoring arrangements in place within ASG, was completed and submitted to Audit Strategy, in support of their quality appraisal process.
24. A report on the first full year of implementation of the electronic working paper system, MK Insight, was prepared by the Business Improvement Unit in February 2012. Following this, a short life working group was established. The group, consisting of members from the Business Improvement Unit, the Professional Standards Group and the Quality Monitoring team has developed a short training session for rollout to staff. This will help further improve the quality and consistency of audits delivered by ASG.
25. ASG refreshed the lead role of the Quality Monitoring Team (QMT), during the year as well as the membership of the Professional Standards Group. This provides development opportunities for staff and widens the skill base.



## Appointed firms

26. All audit firms (and ASG) were required to complete a detailed questionnaire setting out how their quality arrangements comply with International Standard on Quality Control 1 (ISQC1) in 2011/12. This exercise will take place once for each five year audit cycle and following any merger of firms, with any significant changes notified to Audit Strategy.
27. Firms (and ASG) are required to submit details of their own internal quality monitoring activity for the audits that they carry out under their appointment by the Auditor General for Scotland and the Accounts Commission.
28. Firms are appointed to audits by the Auditor General or the Accounts Commission. Firms must declare to Audit Strategy that they consider any non-audit work to be permissible under Ethical Standards. Audit Strategy reviews such assertions, and permits non-audit work only where it is convinced that such work is consistent with Ethical Standards. This contributes to the independence and Ethical conduct of audits.
29. The firms involved in auditing bodies under appointment from the Auditor General and the Accounts Commission in 2011/12 are:
  - PricewaterhouseCoopers LLP
  - KPMG LLP
  - Scott-Moncrieff
  - Henderson Loggie
  - Grant Thornton UK LLP
  - BDO LLP
  - Wylie & Bisset LLP
  - RSM Tenon Audit Ltd
  - Deloitte LLP.
30. The year 2011/12 covers two audit years – the final year of the 2006/07 – 2010/11 appointment round, and the first year of the 2011/12 – 2015/16 appointment round. This means that this report covers the work of Deloitte LLP as a new entrant to the public audit regime in Scotland, and BDO LLP and RSM Tenon Audit Ltd in their final year of appointments which have not been renewed.



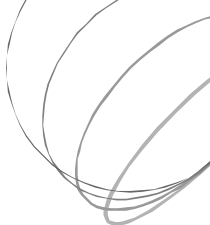
## Performance Audit Group

31. Performance Audit Group (PAG) seeks to ensure the quality of its work through three primary documents: Performance Audit Standards, the Project Management Framework, and the Performance Audit Manual. These support and complement each other, together providing a quality assurance framework for performance audit work in PAG. They are supported by further specific guidance, all of which are under regular review.
32. The Performance Audit Standards, which broadly comply with INTOSAI standards and guidance for performance auditing<sup>1</sup>, set out the expectations for all PAG projects and provide a summary of good practice for specific project stages (eg writing and delivering reports). The performance audit standards include a specific standard on quality assurance.
33. The Project Management Framework (PMF) is designed to support consistent standards of project management in PAG. It outlines the key stages of a performance audit and includes a number of actions and outputs that provide quality assurance. One of the requirements is for each project team to carry out internal peer reviews at two key stages of the audit process. These peer reviews provide an opportunity for robust challenge by other managers (who are not involved in the audit), and reviews are undertaken of both the project brief and the draft report of each audit. Each project team also carries out a post-project review for all audits, with the Assistant Director and Director, where they discuss the key project stages with a view to identifying potential good practice and/or lessons.
34. The Performance Audit Manual sets out the basic principles for performance audit work (eg what is a value for money audit), and provides practical guidance and support for implementing key stages of the Project Management Framework.
35. In addition to these core tools, PAG also operates two further processes to support the effective application of guidance and to support continuous improvement. Firstly, in 2010/11, PAG appointed external experts to review the questionnaires that it sometimes uses to gather information (from audited bodies, representative groups or members of the public). The experts have been asked to review the first six questionnaires issued after the introduction of new guidance. The experts have reviewed three questionnaires so far – information about the findings from these reviews can be found later in this report. Secondly, PAG hold regular „reviews of project reviews“, where issues identified in recent post-project reviews (see paragraph 33 above) are discussed by the group, along with potential improvements and/or solutions.

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<sup>1</sup> INTOSAI – The International Organization of Supreme Audit Institutions



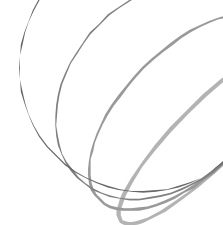
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36. PAG continued with arrangements established last year, for the National Audit Office (NAO), Wales Audit Office (WAO) and Northern Ireland Audit Office (NIAO) to carry out reviews of its published audit reports (cold reviews). PAG reviews reports from each of the partner audit agencies as part of the reciprocal arrangements.

## Developments

37. PAG introduced a Performance Audit Improvement and Development function (PAID) in April 2010. The function is overseen by a designated portfolio manager. PAID is responsible for coordinating PAG's quality and process improvement activity. During 2011/12, the PAID function led or coordinated work on a number of projects relating to quality improvement. The most significant projects were:
- „Lean“ training and review – PAG appointed external experts to deliver introductory training in the application of lean management techniques, and to facilitate a review of its PMF (see paragraph 33, above).<sup>2</sup> The purpose of the review was to identify where there may be scope for improvements in the process used by PAG to carry out its performance audits. The review took place in January-February 2012 and PAG has identified a number of areas where there is likely to be scope for improvement. The work to implement solutions to the problems and streamline the process will carry on throughout the remainder of 2012 and into 2013.
  - Data and statistical analysis – PAG has sought to further develop and embed its tools and guidance for conducting data and statistical analysis. Awareness training for all staff took place in February 2012, and an internal review of PAG's current use of such analysis will lead to revised guidance for staff,
  - Financial and economic analysis – PAG sought to enhance its guidance on financial and economic analysis, appointing two existing members of the group with relevant skills and experience to develop internal guidance and to deliver awareness-raising seminars.
  - Benchmarking – building on the external peer review arrangements (paragraph 36), PAG has begun work with the other UK audit agencies to develop benchmarking data. The initial work is looking at costs and processes, and will include comparisons of quality assurance processes.

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<sup>2</sup> Lean management is the name commonly given to a set of management tools and practices generally used to strip inefficiency and waste out of business processes. Although it has its origins in the manufacturing industry (in the motor industry in particular), its use has become common in the public sector in recent years.

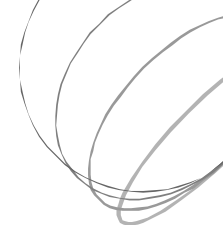


## Best Value and Scrutiny Improvement Group

38. Best Value and Scrutiny Improvement Group (BVSIG) work is managed under a Best Value Quality Framework. The framework covers the Shared Risk Assessment (SRA) process and the Best Value (BV) audit work of councils and joint police boards and forces and fire and rescue boards and services. It is supported by guidance on the SRA and audit work and a range of other tools, including BV toolkits. These toolkits provide guidance and direction for staff carrying out BV audit work. The toolkits are also available on the Audit Scotland website to ensure openness and transparency and help support improvement activity within audited bodies.
39. The SRA results in a rolling three-year Assurance and Improvement Plan (AIP) for each council. The AIP is a jointly authored document based on the work of senior officers from a range of audit and inspection agencies including Audit Scotland, HMIE (now Education Scotland), the Care Inspectorate, SHR and the appointed auditors. A group of senior officers from the audit and inspection agencies carry out a „pre screening review“ on each AIP and refer selected cases to a Quality and Consistency Review Panel (QCRP). The QCRP includes senior officers from the audit and inspection agencies and local government.
40. All BV reports are also subject to QCRPs at the scoping stage. The QCRPs consist of three or more senior officers independent of the BV audit team, and they review the logic and scope of the proposed BV audit work.
41. The BV audit work is subject to quality assurance by internal and external peer reviewers. The external peers are selected on the basis of the issues identified in the risk assessment and are drawn from a „peer pool“ of senior local government elected members and officers. Draft BV audit reports are reviewed by a QCRP which carries out an objective evaluation of the significant judgements being made by the audit team, and ensure that the overall assessments are consistent across BV audit work.
42. The audit teams carry out a „lessons learned review“ following the audit work to identify potential improvements to the audit process for future work. These are discussed at BVSIG Group meetings. Members of the Accounts Commission meet with representatives of councils and joint police and fire boards and forces two to three months after the publication of the audit reports. This provides another opportunity for any „lessons learned“ to inform future audit work.

## Developments

43. In April 2011 the Accounts Commission agreed the audit approach for carrying out BV audit work in Fire and Rescue Services. This approach includes a QA framework which mirrors the one used for BV audits of councils and police boards and forces by using peer input to the audit work, peer review and



a QCRP. Peer input to the audit work was carried out by senior fire officers from services other than the one being audited and by experienced external consultants from the Audit Commission. The QCRPs for each audit involved peer review from Performance Audit Group and by the Scottish Fire and Rescue Advisory Board (SFRAU).

44. During 2010 the BVSİ Group set up a development project to review and consolidate the quality assurance processes which cover the wide range of work carried out by the group, including the core audit work outlined above and the thematic „How Councils Work“ reports and reports made under Section 102 of the Local Government (Scotland) Act 1973, into an overarching framework. The review has been completed and the findings have been consolidated into the BVSİ Quality Assurance Framework.
45. During 2011 the Cabinet Secretary for Finance, Employment and Sustainable Growth invited the Accounts Commission to lead the development of an audit approach to assess the effectiveness of community planning partnerships and the extent to which partnerships are delivering positive outcomes for their communities. A key strand of this development work will be the establishment of robust quality assurance arrangements to support the new audit process.

## Audit Strategy Group

46. Audit Strategy carries out a quality appraisal function for all financial audits carried out under appointment from the Auditor General for Scotland and the Accounts Commission, covering the work of both the firms and Audit Services Group.
47. The principal objectives of the quality appraisal work are to:
  - provide assurance to the Auditor General and the Accounts Commission on the quality of audit work undertaken
  - promote improvements and good practices in auditing.
48. The approach recognises the recent developments in professional standards and professional regulation. This means that Audit Strategy can rely on work undertaken by auditors and their regulators, supported by surveys of audited bodies' views of the services that they receive, reviews of a sample of audit reports and monitoring of outputs against plans.
49. Monitoring of work by Audit Strategy consists of a number of inter-related activities, each carried out at varying frequencies depending on their purpose:
  - review of the auditor's own quality control and monitoring arrangements in line with ISQC1
  - review of public Audit Inspection Unit (AIU) reports (or equivalent)

- review of audit outputs
- service quality surveys
- output monitoring
- oversight of acceptance of non-audit work
- responding proportionately to complaints about auditors
- considering the impact of conflicting audit judgements between auditors
- independent reviews of audits by Audit Strategy.

Each of these activities is expanded upon in the “Results of Quality Control Activity” section below.

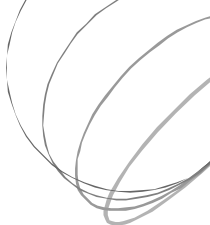
50. None of the measures in place provide absolute assurance for any of the elements of the quality appraisal framework. However, absolute assurance cannot be gained, nor is it an aim of the framework to do so.

## Developments

51. The Audit Strategy quality appraisal framework was approved in May 2012 following the update of the corporate quality framework. This and the publication and dissemination of the corporate quality framework will further embed the quality processes throughout the organisation.
52. A new corporate quality group was established in 2011, with representatives from each business group. This group, chaired by the Assistant Auditor General, is responsible for co-ordinating and sharing best practice in quality monitoring work. It will support the maintenance of the corporate quality framework, the preparation of the annual quality report, and each individual business groups' quality control and monitoring procedures.
53. During 2012 the audit quality survey will be reviewed and updated in time for the first survey under the new appointment round. The methodology for reviewing audit outputs will also be updated to be able to provide better feedback to auditors.

## Corporate Services Group

54. All areas of Corporate Services are subject to internal audit as part of a programme of audit approved by the board. Actions for improvement are recommended by the auditors and these are tracked to ensure completion.
55. Benchmarking has been used in corporate services since 2007/08. The performance indicators used for benchmarking are based on the sets published in the UK Audit Agencies report “Value for Money



in public sector corporate services". In addition since 2007/08, Audit Scotland has taken part in the Scottish Government benchmarking for Central Government and NDPB's.

## **Finance**

56. The work of the finance team is subject to external audit, which ensures the accounts comply with accounting standards. The finance team makes the payroll payments, and there is segregation of duties between the finance Payroll practitioner and HR.

## **Information systems**

57. The Information Technology Infrastructure Library (ITIL) methodology is used in the operation of the IT department. This provides a framework for resolution of incidents and dealing with problems, change and software releases. Using ITIL compliant software allows ISG to ensure we meet our service level commitments and can report on our performance in meeting our service level agreements.
58. Projects are managed using the Prince or Agile project frameworks; these frameworks ensure that the projects are managed according to best practice.

## **Communications**

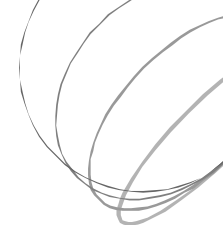
59. A style guide ensures that all reports that are published follow Audit Scotland's brand style. Established procedures cover all aspects of the Desk Top Publication and production processes. Internal guides set out media processes, with media and parliament monitoring taking place.

## **Human Resources**

60. Audit Scotland has job descriptions for each role within the organisation. There is a competence based framework which defines level of performance within each role. An annual Performance and Appraisal is carried out for each member of staff to ensure that objectives are achieved and that competencies are met.

## **Developments**

61. The ISO27001 information security standard for managing information security is currently being implemented across Audit Scotland.



# Results of Quality Control Activity

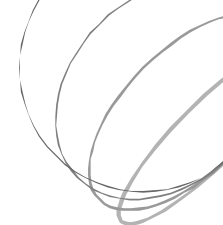
## Audit Services Group

### External Independent Assessment

- 62. ICAS carried out a review of the quality control policies and procedures in place within ASG, with a focus on compliance with ISQC1. In addition, it undertook cold reviews on a sample of six audits, to assess the quality of audit work and compliance with the ISAs and APB Ethical Standards, and a review of financial statement disclosures of the audited entities sampled.
- 63. The review concluded that files were of a good standard, on balance there was a good level of compliance with Auditing Standards, and audit opinions were considered to be adequately supported, subject to a small number of matters noted. The quality control arrangements in place, in conjunction with the Audit Guide and the Code of Conduct, were considered generally effective and appropriate for the organisation. A small number of matters were noted, and ASG Management Team have considered these and agreed actions to address the issues. The results of the review and areas for improvement have also been communicated to all managers in ASG.

### Internal Quality Monitoring Reviews

- 64. In addition to the ICAS cold reviews, the QMT carried out a further three cold reviews. The team concluded that all three audits were carried out in compliance with ASG's Audit Guidance. The QMT notified audit teams and agreed action plans where documentation or audit approach could be strengthened.
- 65. All ASG managers had been subject to some form of quality review in the previous three year quality monitoring cycle. As part of the 2010/11 hot review programme, managers were asked to complete a self assessment of progress in implementing actions identified during hot reviews undertaken between 2007 and 2010. The Quality Monitoring team then undertook some testing and validation of a selection of returns, focusing on the most significant areas for improvement.
- 66. Overall, the reviews provided assurance that improvements are being made in the planning and risk assessment audit processes.
- 67. A small number of themes from these reviews have been identified and shared with ASG Management Team. These themes were similar to points noted in the ICAS review, including scope for improving the completeness and timeliness of file documentation. The themes identified this year will be fed into the Professional Standards Group for inclusion in the mandatory annual audit update.



## Peer Reviews

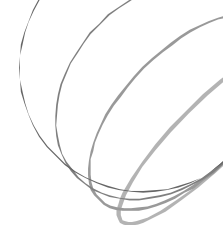
68. Eight 2010/11 audits met the criteria for a peer review. In each case, the peer reviews were completed in a timely manner and confirmed that the audit opinions were appropriate.

## Performance Audit Group

69. Partner audit agencies completed three reviews of 2011/12 reports in the year. The findings were positive, noting in particular the findings, conclusions and robustness of the reports. The feedback also highlighted that the absence of robust performance data in some public services made it difficult for PAG to form firm conclusions on the performance of policies and services.
70. PAG held two reviews of project reviews (see paragraph 35), in May 2011 and in February 2012. These covered ten audits completed in 2011. Some themes to emerge were already known, and some new themes were identified. In all cases, a number of solutions were proposed and discussed. PAG intends to focus its next review on issues raised during the first review (in February 2011), to establish whether any of the same issues remain.
71. The three external reviews of questionnaires conducted in the period (see paragraph 35) led to improvements in the final questionnaire design and/or approach. In two of the three cases, the teams used telephone interviews rather than issuing a paper or electronic questionnaire. In the other, a shorter questionnaire was issued. In all cases, the audit teams reported that responses had been secured more easily and more complete. PAG will review its guidance to embed the findings from these reviews.
72. PAG introduced new guidance for drafting recommendations in early 2011, and reviewed recommendations in its most recent reports in February 2012, to assess whether the guidance had been effective in delivering better recommendations. PAG found that there was evidence of improvement, and that most recommendations accorded with the principles set out in the guidance. However, there remains scope for further improvement and PAG is working to implement solutions.

## Best Value and Scrutiny Improvement Group

73. The review of quality assurance arrangements for the main „product streams“ in BVSI has consolidated the QA arrangements in the group.
74. The existing QA arrangements for BV audits in councils and police were refined to support the delivery of the audits of the eight fire and rescue services during 2011/12. The lessons learned



reviews which are carried out at the end of each piece of audit work are made accessible in a central location for reference and are discussed at BVSI group meetings to inform future audit work.

75. During 2011/12 members of the Accounts Commission met with representatives of seven audited bodies following the publication of audit reports. A further seven meetings are scheduled for April and May 2012. The meetings focus on key audit findings, the audited bodies' response to those issues and feedback from the audited bodies on the audit process. Feedback from the audited bodies has been positive and constructive.

## **Audit Strategy Group**

### **Appointed Auditor's own ISQC1 quality control and monitoring arrangements**

76. The 2011/12 audit year is the first under the new appointments. To coincide with the new appointments, and to reflect the recent amendment of ISQC1, newly completed questionnaires were obtained from all the appointed firms and Audit Services Group. Following a thorough review of the questionnaires, letters were issued to all firms and ASG setting out our conclusion, and sharing examples of good practice that were identified. The overall conclusion is that all audit providers have strong arrangements in place to ensure compliance with ISQC1.
77. In the course of the year, Audit Strategy received copies of all the quality control reports carried out on public sector audits from all audit providers covering their 2009/10 work. The equivalent ASG report covers the 2010/11 audits and is reported at paragraph 64 to 66).
78. All the reports continue to show that firms carry out quality control work in line with international standards on auditing and International Standard on Quality Control 1 (ISQC1). Findings show that the quality of work is high and Audit Strategy can continue to rely upon it.

### **Review of public Audit Inspection Unit (AIU) reports**

79. The AIU published public reports on firms within its scope in summer 2011. These covered KPMG, Deloitte, PricewaterhouseCoopers, Grant Thornton and BDO. In addition a report covering firms auditing ten or fewer entities within the scope of the AIU was prepared. This included in its coverage RSM Tenon and Scott-Moncrieff (as part of Moore Stephens). This means that the AIU work provides assurance over seven of the nine firms in our regime (see paragraph 29). Audit Strategy has reviewed each of the public reports. Given that firms have broadly consistent methodologies and procedures across all of their audit work, Audit Strategy can take some assurance for the purpose of its work. The reports review firm-wide systems and processes for ensuring audit quality, and review a sample of their audits of public interest entities.



80. Each of the firms in our regime achieved satisfactory results from the AIU reports.

## Review of audit outputs

81. A sample of annual audit reports was reviewed by Audit Strategy for their compliance with the Code of Audit Practice, and as an assessment of the quality of reporting to each of the audit bodies. For the 2010/11 audits, one report from each audit provider for each sector they worked in was reviewed.

82. The key findings from the product read exercise were that some reports were very well written and none were considered to be fundamentally unsatisfactory or inadequate. There was a wide variety of approaches taken suggesting that there are differing views on what is required of an audit report. The quality group is considering whether further guidance should be given to auditors. Quality surveys also show that audited bodies are mostly satisfied with the annual report they receive. Overall, the findings show that despite the differences of approach, reporting was satisfactory.

## Audit service quality surveys

83. Audit Service Quality Surveys were carried out in line with our programme covering the local government and central government sectors for the 2010/11 audits.

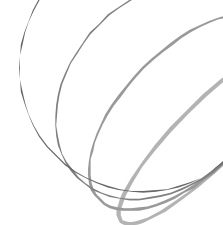
84. The key indicators are:

- what audited bodies thought of the quality of service provided by the auditors
- whether the audit had made, or will make, a difference to them in the four areas defined in our corporate impact framework.

A summary of the responses received is shown in the table below:

	% positive responses	
	LG	CG
<b>Overall quality of service</b>	<b>100</b>	<b>97</b>
<b>Area of impact of audit</b>		
Assurance and accountability	100	91
Planning and management	100	94
Economy and efficiency	94	88
Effectiveness and quality of services delivered by audited bodies	88	85

85. Comments made by audited bodies about the impact of the audit were mostly related to the provision of assurance, and improvements to internal controls. Positive feedback related mostly to professionalism and good working relationships, good communication, and planning.



86. Suggested improvements were very varied, with no single issue being raised with any frequency. However, around half of the survey respondents did not identify any areas for improvement.
87. Copies of all completed questionnaires are sent to the relevant auditors. Where bodies' responses indicate scope for improvement, auditors are directed to consider if there is action that they could take to prevent a recurrence of the situation.

## Output monitoring

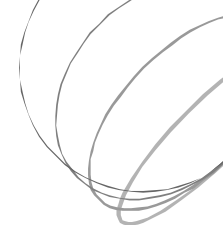
88. The following table sets out the key outputs from each sector for the audits of the 2010/11 financial statements:

	Local Govt	Health	Central Govt	FE
Audit opinion on time	30 September 11 88/88 (100%)	30 June 11 23/23 (100%)	31 October 11 69/73 (95%)	31 December 11 36/37 (97%)
Annual Audit report on time	31 October 11 85/88 (97%)	31 July 11 20/23 (87%)	30 November 11 66/73 (90%)	31 December 11 36/37 (97%)
Accounts sent for laying on time	N/A	31 December 11 23/23 (100%)	31 December 11 73/73 (100%)	30 April 12 37/37 (100%)

89. The delays in submitting annual audit reports in LG were due to the firm that lost work in the 2011/12-2015/16 tender losing staff. Permission for the delays was sought and agreed. The delays in submitting annual audit reports in Health were only very slight, and were due to events outside the control of the auditors. The delays in CG varied and included technical accounting issues, but none of the delays prevented the accounts being laid on time. The Delays in FE related to a going concern issue that could not be resolved within the reporting deadline set by Audit Scotland but could be, and was, by the statutory deadline for laying the accounts.
90. In all cases, final payment of fees took place when all audit work had been completed, and auditors have made commitments to meet the deadlines next year.

## Oversight of acceptance of non-audit work

91. Throughout the year firms have obtained approval for any non-audit work, for example providing tax advice about the treatment of a seconded member of staff from overseas in a body that the firm is appointed to audit. All applications were assessed against the Ethical Standards in force prior to approval. Based on the non-audit work approved during 2010/11, and because of the independent appointment of auditors, we are able to obtain assurance over the independence of auditors.



## **Respond proportionately to complaints about auditors**

92. There have been no complaints by audited bodies about the quality of work undertaken by auditors this year. This is an important element of our overall assurance on the quality of auditors' work.

## **Consideration of conflicting audit judgements between auditors**

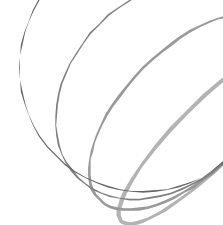
93. There have been no significant conflicting judgements between auditors this year. In the course of the year, there have been regular sectoral meetings and technical forums involving auditors from each of the four sectors, where emerging or contentious technical issues were discussed.

## **Independent reviews of audits by Audit Strategy**

94. Following a section 22 report on the fraud at National Libraries Scotland, Audit Strategy carried out an independent review of the external audit files for the relevant years. The review led to the identification of a small number of issues which are being addressed alongside the findings from other monitoring activities. Monitoring of the quality of audit provision during 2010/11 has not highlighted any other audits needing an independent review by Audit Strategy.

# **Conclusion**

95. Overall, on the basis of the arrangements in place and activity for the year, it is reasonable to conclude that Audit Scotland and the private firms continue to provide the Auditor General and the Accounts Commission with high quality work.
96. In particular, the quality appraisal work carried out by Audit Strategy on the work of the firms and ASG has confirmed that each auditor:
- understands and complies with the ethical standards in force during the course of the audit and is independent of the audited body
  - has the required professional competence to carry out the audit in accordance with relevant standards
  - operates in a regulatory environment that actively oversees auditors.
97. The report shows that arrangements across ASG, PAG and BVSIG are continuing to develop, with significant effort on obtaining regular external, independent appraisal of audit work.



# Glossary

AIP – Assurance and Improvement Plan, a jointly authored, three year rolling plan covering scrutiny work planned for a council.

AIU – The Audit Inspection Unit (AIU), part of the Professional Oversight Board, itself a part of the Financial Reporting Council, is responsible for the monitoring of the audits of all listed and other major public interest entities.

ASG – Audit Services Group, part of Audit Scotland with responsibility for carrying out financial audits of all public bodies audited by Audit Scotland.

BV – A duty of audited bodies or accountable officers. It is defined in statute for local authorities as continuous improvement in the performance of functions. In securing Best Value local authorities are required to balance issues of quality and cost, have regard to efficiency, effectiveness, economy and the need to meet equal opportunity requirements, and contribute to the achievement of sustainable development.

BV audit – The audit of Best Value and Community Planning.

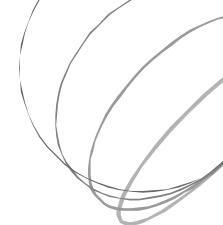
BVSI – Best Value and Scrutiny Improvement Group, part of Audit Scotland with responsibility for Best Value, scrutiny co-ordination, and overview reports across all sectors.

Ethical Standards – Ethical Standards are set by the Auditing Practice Board and apply in the audit of financial statements. They are a set of basic principles and essential procedures together with related guidance in the form of explanatory and other material covering the integrity, objectivity and independence for auditors.

INTOSAI – The International Organisation of Supreme Audit Institutions operates as an umbrella organisation for the external government audit community.

ISA – International Standards on Auditing are professional standards for the performance of financial audit of financial information. These standards are issued by International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB), and approved in the UK by the Auditing Practice Board.

ISQC1 – International Standard on Quality Control 1 is the professional standard for quality control. This standard is issued by International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB), and approved in the UK by the Auditing Practice Board.



NAO – The National Audit Office is responsible for auditing the accounts of all Westminster led government departments and a wide range of other public sector bodies, and has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

NIAO – The Northern Ireland Audit Office is responsible for auditing central government and local government in Northern Ireland. It also carries out value for money audits, reporting to the Northern Ireland Assembly.

PAG – Performance Audit Group, part of Audit Scotland with responsibility for carrying out performance audits across the public sector.

PMF – The Project Management Framework, PAG's guide to support consistent standards of project management.

PSG – Professional Standards Group, part of Audit Services Group responsible for overseeing the development of the Audit Guide and the integration of new standards into ASG's audit approach.

SRA – Shared Risk Assessment, a process involving a joint approach using key information about a body to plan scrutiny activity that is proportionate and based on risk. SRA is undertaken by a joint scrutiny network of senior officers from a range of audit and inspection agencies including Audit Scotland, HMIE (now Education Scotland), The Care Inspectorate, SHR and the appointed auditors, and leads to the preparation of an assurance and improvement plan, part of which may be the conduct of a Best Value audit

WAO – Wales Audit Office, either directly audits Welsh public bodies, such as the Welsh Assembly Government and the NHS or, as in the case of local government, appoints auditors to do so.

**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**REPORT BY THE ASSISTANT AUDITOR GENERAL**

**BENEFITS PERFORMANCE AUDIT ANNUAL REPORT**

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**Purpose**

1. The purpose of this report is to advise the Commission of the outcome of Audit Scotland's benefits performance audit work during 2011/12. It also provides an update on the UK Government's Welfare Reform Act and its implications and risks for Scotland.

**Background**

2. In April 2008, the Accounts Commission took over the responsibility for auditing housing and council tax services in Scotland from the Benefit Fraud Inspectorate. This work is known as the benefits performance audit. Its main objective is to help councils improve their benefits services but it also holds councils to account for any failing services. The audit has two phases:
  - a risk assessment phase that identifies risks to continuous improvement
  - a focused audit phase that examines the service, or parts of it in more detail if a council is unable, or unwilling, to reduce key risks identified.
3. Risk assessment reports are provided to council Chief Executives who prepare an improvement plan detailing the actions with associated timescales that they will take to address identified risks. These reports are also copied to the DWP to provide assurances over how Scottish councils are performing.
4. Eleven risk assessments were completed during 2011/12. In addition, the first focused audit was carried out in Aberdeenshire Council. The focused audit report was presented to the Accounts Commission in July 2011. A follow up report on Aberdeenshire Council's benefits service is included separately in today's agenda.

**Recommendation**

5. The Commission is invited to note the outcomes of the benefits performance audit work from April 2011 to March 2012 and the implications the Welfare Reform Act has for councils in Scotland.

**Russell Frith**  
**Assistant Auditor General**  
**23 August 2012**

# Benefits Performance Audit Annual Update



Prepared for The Accounts Commission  
23 August 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.



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# Contents

<b>Purpose.....</b>	<b>4</b>
<b>Summary.....</b>	<b>4</b>
<b>Background .....</b>	<b>4</b>
<b>Work carried out during 2011/12 .....</b>	<b>5</b>
<b>Key issues from 2011/12 Risk Assessments .....</b>	<b>6</b>
Outcomes of the risk assessments .....	6
Good practices identified.....	7
Areas for improvement.....	8
Stakeholder feedback .....	8
<b>Welfare reform.....</b>	<b>10</b>
Background.....	10
The impact on HB/CTB services .....	11
Wider considerations for councils .....	11
<b>Appendix A – The 2011/12 risk assessment programme .....</b>	<b>13</b>

# Purpose

1. This paper invites the Accounts Commission to note the outcome of Audit Scotland's benefits performance audit work for 2011/12. It also provides an update on the UK Government's Welfare Reform Act and its implications and risks for Scotland.

# Summary

2. Audit Scotland has found that well managed benefits services can deliver high quality services for claimants in a time of increasing workloads, reduced funding and uncertainty.
3. During 2011/12 we identified 199 risks to continuous improvement at 11 councils with councils accepting 100% (96% in 2010/11) of these risks. We found 77% (77% in 2010/11) of previously identified risks had been either fully or partially implemented. Council satisfaction with the audit process is high at 88% (83% in 2010/11).
4. Looking forward, UK Government welfare reforms will have a significant impact on councils. Universal Credit (UC) will end the devolved administration of housing benefit. Council tax benefit will be replaced by a Scottish council tax reduction scheme from April 2013. There will also be a shift in terms of the delivery of services such as the Social Fund, community care grants and benefit fraud investigations. Going forward, the role councils will play in the delivery of welfare reforms is not yet clear.

# Background

5. In Scotland, one in four households receive financial support to help pay for their rent or council tax in the form of means tested housing and council tax benefits (HB/CTB). Scottish councils paid out £2.06 billion in HB/CTB awards in 2011/12 and received £50 million in administration grant from the Department for Work and Pensions (DWP) to deliver HB/CTB services. This represents a 3% increase from 2010/11 for HB awards paid out and a 6% reduction for administration grant received.
6. In April 2008, the Accounts Commission took over the responsibility for auditing HB services in Scotland from the Benefit Fraud Inspectorate. This work is known as the benefits performance audit. Its main objective is to help councils improve their benefits services but it also holds councils to account for any failing services. The audit has two phases:
  - a risk assessment phase that identifies risks to continuous improvement
  - a focused audit phase that examines the service, or parts of it in more detail if a council is unable, or unwilling, to reduce key risks identified.

7. Risk assessment reports are provided to council Chief Executives who prepare an improvement plan detailing the actions with associated timescales that they will take to address identified risks. These reports are also copied to the DWP to provide assurances over how Scottish councils are performing.
8. When a focused audit is required the Controller of Audit will prepare a report to the Accounts Commission. Focused audit reports are also copied to the DWP.

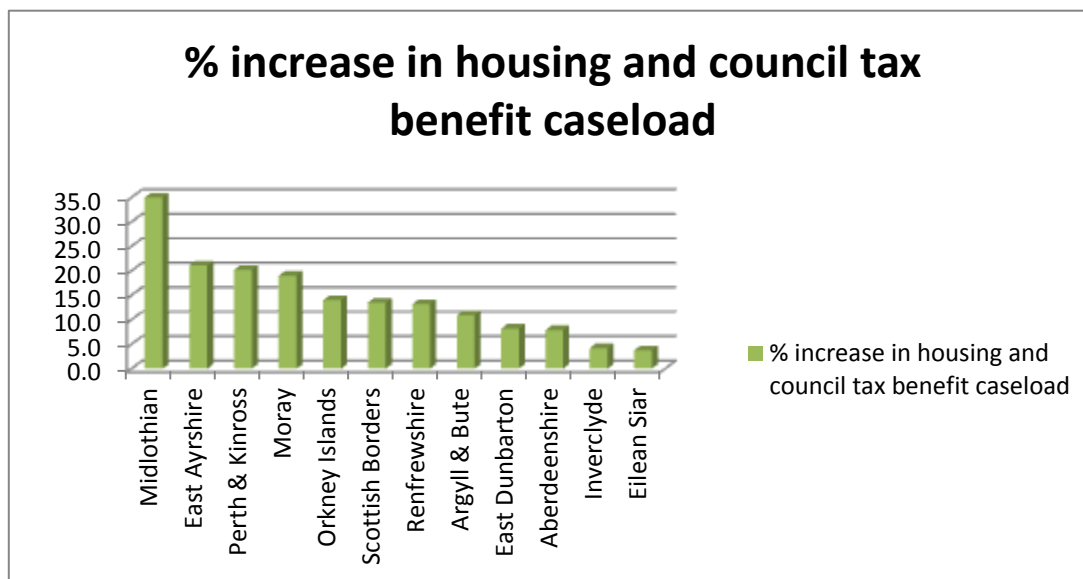
## Work carried out during 2011/12

9. The first round of risk assessments were carried out between April 2008 and March 2010. The second round of risk assessments commenced in 2010/11 and continued through 2011/12. A risk based model was used to ensure the assessments of the highest risk councils were carried out first.
10. Eleven risk assessments were completed during 2011/12. In addition, the first focused audit was carried out in Aberdeenshire Council. The focused audit report was presented to the Accounts Commission in July 2011. A follow up report on Aberdeenshire Council's benefits service is included separately in today's agenda.
11. Following review of council action plans to address risks identified in our reports, progress reports were requested from:
  - Comhairle nan Eilean Siar
  - East Dunbartonshire Council
  - The Moray Council
  - Perth and Kinross Council
  - Midlothian Council
  - Renfrewshire Council
12. To date, progress reports have been received from Comhairle nan Eilean Siar, Perth and Kinross and Midlothian Councils. Action taken to address risks was considered to be satisfactory in Perth and Kinross Council. However, due to performance only recently improving in Comhairle nan Eilean Siar, a further update has been requested on the speed of processing new claims and change of circumstances by October 2012. A performance update and further progress report on action taken to address risks identified have also been requested from Midlothian Council by October 2012.

# Key issues from 2011/12 Risk Assessments

## Outcomes of the risk assessments

13. Audit Scotland identified 199 risks to continuous improvement in the eleven risk assessments carried out in 2011/12. Audit Scotland has received action plans from all councils visited.
14. Analysis of the submitted improvement plans identified that:
  - 100% of the identified risks were fully accepted by councils
  - 43% (85/199) of these risks were carried forward from previous risk assessments.
15. Ideally all agreed actions should be implemented. However, during the current economic downturn, associated caseload increases, budgetary and welfare reform pressures this has not been possible in all cases. Between November 2008 and February 2012, there has been a 12% (114,070) increase in HB/CTB claims in Scotland. The exhibit below details the caseload increase for the 12 councils we visited.



16. An implementation rate of less than 100% is therefore not surprising. Our results indicate that the majority of the agreed actions could be delivered. For this councils should be commended, particularly Argyll and Bute, East Dunbartonshire, Moray and Perth and Kinross Councils which were found to have taken action to either fully or partially implement all of the agreed actions from their first round risk assessment.

17. It is clear from review of high risk councils that where benefits services are well managed they can deliver value for money in difficult economic circumstances.

## Good practices identified

18. A number of innovative initiatives and areas of good practice have been identified in Scottish benefit services during 2011/12. Many of these can be traced back to the actions taken by councils to address the first round reported risks. The initiatives and areas of good practice identified include:
- The Moray Council has a Quality Performance Strategy in place. This is a very comprehensive document which helps the council ensure quality across benefits administration and counter fraud. This has contributed to an improved speed of processing performance over the last year. The strategy has been shared with a number of other councils to help deliver improvements.
  - Perth and Kinross Council developed a Subsidy Audit Plan to minimise the amount of overpayments raised and prevent any loss in subsidy. All reported changes in benefit cases which are likely to reduce benefit entitlement are automatically suspended. Overpayment recovery levels have also improved due to an investment in "phone-coaching" to make staff aware of effective techniques that can be used to maximise overpayment recovery. This has been shared with another council who had previously lost subsidy due to its overpayment levels.
  - Renfrewshire Council is taking a very proactive approach to addressing the implications of welfare reforms. A new Welfare Reform and Change Manager role has been created and a welfare reform steering group has been set up to communicate changes with stakeholders, co-ordinate the councils housing benefit exit strategy and ensure all work streams are effectively managed. The council has also been participating in various working groups at a national level.
  - Aberdeenshire Council is also showing a clear commitment to addressing welfare reform implications. A welfare reform cross service group of officers has been set up, a welfare reform risk register is in place and a review of the future options for the benefits service has been carried out and is under consideration by senior management. In recognition that the role of benefits officers will probably change significantly over the next few years, the council has started an extensive training programme to provide benefits staff with the skills to enable them to carry out different roles. In addition, various council officers have been participating in welfare reform working groups at a national level.
  - Argyll and Bute Council introduced a 48 hour fast track process which has delivered significant improvements to the speed of processing new claims and change of circumstances.
  - Argyll and Bute Council has reported overpayment recovery rates in excess of 80% of its in-year benefit overpayments for the last three years. This was achieved through the development of a benefits specific overpayment recovery policy setting out the council's approach to the management and recovery of benefits overpayments. In addition, the

recovery of fraud overpayments and administrative penalties have been prioritised for recovery to act as a deterrent to potential fraudsters. An aged debt analysis report is also used to identify overpayments for specific recovery action.

- Renfrewshire Council use social media as a means to recovering overpayments. The council was recently able to recover a £60,000 overpayment using information from a social media site.

## Areas for improvement

19. Audit Scotland has identified six main areas of risk during 2011/12 that give cause for concern:

- The decline in the speed of processing new claims and change of circumstances
- The analysis, accurate recording and monitoring of overpayments raised and subsequently recovered
- Low levels of intervention activity being carried out and limited recording and analysis of outcomes to enable councils to improve the effectiveness of intervention activity
- Limited customer service targets being set with the result that performance reporting is not covering all aspects of customer service
- Insufficient planning to ensure service performance does not deteriorate during periods of significant change.
- Performance information on appeals and requests for reconsideration showing that targets are not being met. Limited analysis is being carried out on the outcomes of appeals and requests for reconsideration to enable councils to identify areas for improvement.

20. Areas where we are seeing improvement from first round assessments are:

- Fraud policies, fraud awareness and decision making processes for fraud cases although these are not yet improving the effectiveness of fraud activity in all cases
- Accuracy checking of benefit claims.

## Stakeholder feedback

21. Post assessment questionnaires are issued after each risk assessment. The questions are designed to gain assurances over whether the audit methodology and documentation are effective and to look for areas which can be improved. During 2011/12 we issued 10 questionnaires and to date, we have received replies from nine councils.

22. Overall the responses were positive and provided assurance that the audit methodology is fit for purpose and proportionate. The following comments help illustrate what was found:

- “The audit was fair and overall, was a positive experience for the council. It helps management to take a step back and look at the quality of service delivery overall and has also helped us to focus on areas of the service that need to be improved upon.”

- “The visit is supportive where support is required; the auditor shared a number of ideas for us to make improvements.”
- “I feel that the process is robust with the outcome being a fair and balanced report on the council’s performance and our risk in respect of benefits.”
- “Throughout the whole process, the auditor was very helpful and professional. Her approach to the actual audit was both robust and challenging (as expected) but she was also very helpful and understanding of the situation we were in. She clearly has an excellent understanding of the benefit system and the complexities/challenges which we face.”
- “I can’t offer any suggestion for improvement and have only positive comments regarding the process.”
- “I would like to take this chance once again to thank the auditor for his approach to this audit and also to note that I appreciate his knowledge in all areas which allows a balanced approach to be taken.”

23. Whilst the majority of the responses were positive not every council found the process to be so. Particular concerns raised were:

- one council commented on the need for more flexibility in terms of on site visits and the availability of key officers during the audit
- two councils found the self assessment time consuming
- and one council thought that some areas of the report weren't put in context or took cognisance of other influencing factors or circumstances.

24. Audit Scotland has taken these comments on board in the planning and delivery of risk assessments. We will also continue to monitor our approach going forward in conjunction with the DWP.

# Welfare reform

## Background

25. The Westminster government's Welfare Reform Act received Royal Assent on 8 March 2012. This is the biggest reform of the UK welfare system for 60 years and promises to change the lives of millions of households by creating a new UC for working age claimants. The provisions in the Act will result in a number of significant changes for how local authorities deliver services.
26. The main drivers for this legislation are to improve work incentives, simplify the benefits system, tackle the administrative complexity of existing systems and to deliver savings.
27. The provisions in the Act will result in the following key changes:
  - The introduction of UC and the eventual abolition of housing benefit from October 2013
  - The creation of a single fraud investigation service (SFIS) from 2013
  - The introduction of size criteria for working age tenants in the social rented sector claiming housing benefit from April 2013
  - The implementation of a benefits cap from April 2013 limiting the total benefit that working age people can receive
  - The replacement of council tax benefit with a Scottish council tax reduction scheme from April 2013
  - The transfer of community care grants and crisis loans from the DWP to the Scottish Government from April 2013
  - The replacement of disability living allowance with personal independence payments from April 2013.
28. The Scottish Parliament took the unprecedented step in December 2011 of voting against a Westminster "consent" motion, under which the UK government wanted Holyrood's permission to change the law, so its welfare reforms would fit the Scottish system. The Scottish Parliament cannot stop Westminster changing the welfare benefits system. MSPs support some aspects of the UK Welfare Reform Act, including changes to data sharing, industrial injuries benefits and a new commission on social mobility and child poverty. However, MSPs decided to pass laws designed to mitigate the impact of UK Government benefit cuts.
29. The Scottish Parliament approved the Welfare Reform (further provision) (Scotland) Bill in June 2012. The Bill proposes that the Scottish Government be given powers to introduce regulations under the UK Welfare Reform Act and amend other Scottish legislation that relates to it. This would allow the Scottish Government to make the link between the devolved welfare matters for which it has responsibility and the reserved welfare matters which have been amended by the UK Welfare Reform Act. This will ensure policies tied to the UK benefits system, such as free school meals and disabled parking, continue.



## The impact on HB/CTB services

30. Scottish local authorities, through COSLA, are working closely with the DWP at various steering groups to facilitate changes and ensure a smooth and efficient migration of HB caseloads. The expectation is that, following the introduction of UC, local authorities will continue to provide face to face support for some benefit claimants. The exact details are not yet clear as to the services councils will provide. It will be important for councils to manage down their housing benefits services while at the same time retaining sufficient capacity to provide face to face support to claimants.
31. Local authorities need to communicate welfare reform HB changes accurately and effectively to local residents and other stakeholders. The number and complexity of the changes will require significant training and development activities to be undertaken by local authority staff.
32. The introduction of a SFIS will result in council staff currently employed on benefit investigations working under the SFIS policies and procedures from 2013. The staff will remain employed by councils in the short term with the intention that they will transfer to the SFIS at a later date. The SFIS will not however cover fraud in the new Scottish council tax reduction scheme. Councils will therefore need to consider how to tackle fraud in this area.
33. Councils are experiencing increasing volumes of change of circumstances for benefit claimants due to the various welfare reform changes. Councils are being challenged during this period of change to maintain service delivery and performance such as the speed of processing HB/CTB claims. This issue is exacerbated by potential staff cuts, experienced staff leaving, redeployment and staff morale issues.
34. The administration of HB/CTB is presently funded by an annual administration grant paid by the DWP. The involvement of councils with UC is uncertain as is the future funding arrangements for the benefits remaining within councils. It is clear, however, that there will be a significant reduction in the amount of administration grant paid to councils from 2013.

## Wider considerations for councils

35. Public sector organisations have raised significant concerns and risks associated with the Welfare Reform Act and its potential impact on local services. The following is a high-level summary of the predicted wider implications and risks for councils in Scotland:
  - The Scottish Government is currently considering a Scottish replacement scheme for council tax benefit. UK government funding for the replacement council tax reduction scheme will be 10% less than at present with an estimated £40 million shortfall for Scotland in 2013/14. The Scottish Government and COSLA have agreed to jointly fund the shortfall in 2013/14 to mitigate the effect on council tax benefit claimants.
  - Councils expect welfare reform changes to have an adverse impact on their local economies. There is also a potential for increased crime due to a lack of jobs and reduced income.

- The introduction of UC will have a significant impact upon council communication, asset management, housing, ICT, workforce, financial and customer service strategies and plans.
  - Housing benefit changes have many implications for councils' housing strategies. For example, restricting housing benefit to property size along with reductions in benefit income may result in an increased demand for alternative smaller accommodation.
  - The potential loss of passported benefits may adversely affect people with disabilities. In addition, possible revisions to passported benefits such as free school meals and clothing grants could result in increased numbers of applications being received by councils.
  - Council discretionary housing payments (DHP) policies may require to be revised to ensure they are fit for purpose and to assist the effective administration of an increased demand for DHP.
  - Welfare reform is likely to lead to an increase in rent and council tax arrears. This will require councils to consider corporate debt policies and the impact of an increased demand for homelessness services and welfare rights services.
  - There is an expectation that there will be an increased demand for social work support through Section 12 of the Social Work (Scotland) 1968 Act and through Section 22 of the Children (Scotland) Act 1995 which place a duty on councils to make payments in exceptional circumstances where the payment will prevent the need for greater council expense at a later date. The planned transfer of the administration of the Social Fund to councils will add to these pressures. Councils will need arrangements in place to ensure they can deal with this increased workload.
  - Demand is predicted to rise for social work services which assist service users to maximise their income, for debt advice services and also for welfare rights departments to assist with benefit appeals. It is not clear if councils will receive any additional funding to help with the rise in demand for these services.
  - The migration from incapacity benefit to employment support allowance is likely to increase the number of claimants receiving jobseeker allowance. This has implications for council employability programmes which aim to create local jobs.
36. It will be vital for councils to work with partners to ensure they are ready for the challenges introduced by the welfare reforms and that they can adequately deal with the impact on their local areas.

# Appendix A – The 2011/12 risk assessment programme

Date on site	Council	Date reported to Chief Executive
March 2011	Aberdeenshire Council-focused audit	July 2011- report to the Accounts Commission
May 2011	Argyll & Bute Council	July 2011
June 2011	Midlothian Council	August 2011
July 2011	Perth & Kinross Council	September 2011
July 2011	Comhairle nan Eilean Siar	October 2011
September 2011	The Moray Council	November 2011
September 2011	East Dunbartonshire Council	December 2011
November 2011	Orkney Council	January 2012
January 2012	Inverclyde Council	March 2012
February 2012	Scottish Borders Council	March 2012
February 2012	Renfrewshire Council	May 2012
March 2012	East Ayrshire Council	May 2012

**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**REPORT BY CONTROLLER OF AUDIT**

**PERFORMANCE AUDIT – PROGRESS REPORT:  
ABERDEENSHIRE COUNCIL HOUSING AND COUNCIL TAX BENEFITS-PROGRESS  
REPORT**

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**Purpose**

1. The purpose of this report is to introduce the Controller of Audit's report on progress made by Aberdeenshire Council in its action plan in relation to its housing and council tax benefits service.
2. The Commission is invited to consider the report and decide how it wishes to proceed.

**Background**

3. I presented a report to the Commission in July 2011 on the performance of Aberdeenshire Council's housing and council tax benefits service. The report resulted from the council's delay in implementing agreed actions to address risks identified in a risk assessment of the benefits service carried out by Audit Scotland in 2008, and a decision by the council to defer preparing an improvement strategy following its 2010 risk assessment.
4. In its findings, the Commission expressed concern about the council's delay in implementing agreed action. The findings stated that senior managers needed to do more to ensure action was taken within agreed timescales. Elected members needed to ensure better information was received on service performance and to use that information to scrutinise performance, and hold senior managers to account. The Commission also noted that the service needed to improve its self-awareness and to instil a culture of continuous improvement. The Commission required a report on the position of the service in 12 months time.
5. The Commission also agreed, in view of the serious nature of the points raised in the report, to meet with senior officers and elected members of the Council to discuss the findings. This meeting subsequently took place in November 2011, with the Commission represented by Douglas Sinclair (Depute Chair), Bill McQueen (Chair of the Financial Audit and Assurance Committee) and Jim King.
6. This report provides an update on progress made by the council in addressing the Commission findings and against its benefits action plan.

**The report**

7. The report is made under section 102(1)(a) of the Local Government (Scotland) Act 1973 (as amended by various subsequent pieces of legislation including the Local Government in Scotland Act 2003). The report is also being sent to the Council, which is

obliged to supply a copy of the report to each member of the Council and make additional copies available for public inspection.

8. 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.

### **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. The Controller of Audit and members of the audit team will be present at the Commission meeting and will be available to answer questions.

### **Conclusion**

11. The Commission is invited to:
  - consider the report by the Controller of Audit on the progress made by Aberdeenshire Council in relation to its action plan, and
  - decide how it wishes to proceed.

**Paul Reilly**  
**Secretary and Business Manager**  
**15 August 2012**

# **Aberdeenshire Council**

## **Performance audit of housing and council tax benefits-progress report**

### **Report by the Controller of Audit**



Prepared for the Accounts Commission  
August 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Contents

<b>Commission's findings.....</b>	<b>4</b>
<b>Introduction .....</b>	<b>5</b>
<b>Conclusions .....</b>	<b>6</b>
<b>Progress in improving the benefits service .....</b>	<b>7</b>
Action taken to address risks identified .....	7
Scrutiny .....	7
Performance monitoring by senior management .....	8
Sustainability of improvements .....	9
Business planning and self-awareness .....	9
Delivering outcomes.....	10
Welfare reform .....	13
<b>Appendix A .....</b>	<b>15</b>
<b>Appendix B .....</b>	<b>19</b>



# Commission's findings

# Introduction

1. The Accounts Commission assumed the Department for Work and Pensions' (DWP's) Benefit Fraud Inspectorate's responsibility for reporting on the performance of housing and council tax benefit services in Scotland in 2008.
2. The benefits audit work is carried out in two phases. The first risk assessment phase consists of a risk assessment of benefit services in Scotland based on self-assessments carried out by the authority and reviewed by Audit Scotland. Risks to the continuous improvement of services are identified and councils are given the opportunity to address these risks themselves. Risk assessment reports and authorities' responses to them are copied to the DWP for information.
3. Second phase focused audits, which result in a Controller of Audit report under section 102 of the Local Government (Scotland) Act, are only carried out if authorities are unable or unwilling to reduce these risks to an acceptable level.
4. I presented a section 102 report to the Accounts Commission in July 2011 on the performance of Aberdeenshire Council's housing and council tax benefits service. The report resulted from the council's delay in implementing agreed actions to address risks identified in a risk assessment of the benefits service carried out by Audit Scotland in 2008, and a decision by the council to defer preparing an improvement strategy following its 2010 risk assessment. The Commission required a report on the position of the service in 12 months time. This report provides an update on progress made by the council in addressing the Commission findings and against its benefits action plan.
5. My previous report described a service that had made limited progress in implementing agreed actions to address identified risks. Although the council had made progress with business planning, performance reporting and the speed of processing new claims, further improvement was needed in the service, particularly with intervention activities.
6. In its findings, the Commission expressed concern about the council's delay in implementing agreed action and said senior managers needed to do more to ensure action was taken within agreed timescales. Elected members needed to ensure better information was received on service performance and to use that information to scrutinise performance, and hold senior managers to account. The Commission also noted that the service needed to improve its self-awareness and to instil a culture of continuous improvement.

# Conclusions

7. Aberdeenshire Council responded to the 2010 risk assessment and my statutory report to the Accounts Commission in July 2011 by agreeing an improvement action plan as part of the 2011-14 benefits service plan.
8. Actions taken to date have resulted in remedial action for 20 of the 21 risks identified in the 2010 risk assessment report being fully completed. This is a significant improvement on the position reported in my previous report.
9. Scrutiny of performance has improved over the last year. Progress and performance reports are presented to each scrutiny and audit committee where managers are questioned on performance. The quality of information provided to elected members has significantly improved allowing members to focus their questioning on the appropriate areas and make well informed decisions, for example, on resource allocations.
10. Progress has been made in addressing the one remaining risk relating to the service's intervention activity, although not sufficiently to improve performance for 2011/12. A six month review of intervention activity was undertaken between October 2011 and March 2012. An analysis of benefit overpayments has also been undertaken and the council has used the results from both reviews to help inform its future intervention strategy. The service now acknowledges that resources may have been directed to low risk areas in the past rather than concentrating mainly on higher risk areas. The council recently agreed a risk-based intervention strategy, for implementation from the second half of 2012, to ensure intervention activity is as efficient and effective as possible.
11. As well as addressing the risks identified by Audit Scotland in 2010, the council demonstrates an awareness of the areas requiring action or improvement. These include:
  - welfare reform and planning for the impact this will have on local services, council staff, customers and stakeholders
  - further improving its appeals and reconsideration performance
  - reviewing the method by which it obtains feedback from its benefits customers.

# Progress in improving the benefits service

## Action taken to address risks identified

**An action plan was agreed with Audit Scotland and has been put in place, to address the risks to continuous improvement identified in the benefits service. To date, 20 of the 21 risks identified in the 2010 risk assessment have been addressed.**

12. The Head of Finance and the Benefits Manager presented a report to the council's policy and resources committee in June 2011 discussing Audit Scotland's findings and the council's response to the risks identified. At this meeting, an action plan, included as part of the benefits service plan, was agreed to further improve the service and address risks identified in the Audit Scotland review. Some improvements actions had already been put in place by June 2011. Improvement actions were clearly identifiable in the service plan along with target dates for completion and responsible officers. In addition, performance measures and related targets were agreed covering all key areas of the service.
13. As detailed in Appendix A, actions taken to date to address risks identified in the benefit service's 2010 risk assessment report have resulted in action on all but one of the 21 identified risks being completed. Action to address the remaining risk is currently underway. This is a substantial improvement on the position reported to the Accounts Commission in July 2011.

## Scrutiny

**Scrutiny of benefits performance has developed well. The quality of performance information provided to members has significantly improved.**

14. Audit Scotland's 2010 risk assessment report was issued in October 2010 but not presented to the council's policy and resources committee until June 2011. This time lag prevented elected members from having the opportunity to scrutinise the service within the operational context which existed at the time the report was prepared.
15. The policy and resources committee agreed at their meeting in June 2011 that the council's scrutiny and audit committee would monitor progress against all improvement actions as well as the benefits service performance indicators. Prior to this, the only performance reporting to elected members was a quarterly corporate performance management report to the policy and resources committee containing three high level benefits performance indicators.

16. The first benefits progress report was presented to the scrutiny and audit committee in September 2011 where the committee agreed that performance reports were to be submitted to every scrutiny and audit committee meeting.
17. To date, there have been three further scrutiny and audit committee meetings since September 2011. A progress and performance report has been presented to each meeting by the Head of Finance. Senior finance officers including the Benefits Manager attend to address questions from elected members. There is evidence of a substantial amount of questioning, challenge and scrutiny by elected members of performance and the detail included in the progress reports. There is an increased awareness and focus by elected members on the benefits service and the issues it faces.
18. The quality of performance information provided to elected members has significantly improved. The scrutiny and audit committee progress reports provide a comprehensive update on progress made with improvement plan actions and performance information including comparison against targets, prior year and other Scottish local authorities. The reports also clearly show whether or not continuous improvement has been achieved. Elected members have indicated to officers their satisfaction with the quality of information provided.
19. Elected members agreed at the March 2012 scrutiny and audit committee that they were happy with progress made to date within the benefits service and that another performance and action plan progress report was not required until November 2012.

## Performance monitoring by senior management

**Senior officers monitor progress against the improvement plan and report to elected members. Staff are challenged on their performance by management.**

20. In addition to regular progress reports to the scrutiny and audit committee, senior management have adopted various processes through which the performance and progress of the benefits service is monitored and challenged.
21. Officers within the service monitor progress against performance targets and improvement actions. Bi-monthly reports continue to be presented to the benefits management team (BMT) and quarterly reports are presented to the benefits policy board (BPB) on workload and performance information. In addition, the Benefits Manager reports regularly to the finance management team on progress against improvement actions and performance. Papers have also been presented to the strategic management team, comprising the Chief Executive and Directors of the council, on welfare reforms and the implications for the council.
22. Monthly meetings are held between the Head of Finance and the Benefits Manager and between the Benefits Manager and each of the principal benefits officers to discuss

progress made against targets and improvement actions, to challenge performance and to agree any additional actions required.

## Sustainability of improvements

**Elected members have agreed to maintain staffing levels in the service. Potential issues are identified and any training needs are addressed.**

23. In order to help sustain improvements made to date, the council has agreed to continue to allow the benefits service to retain its current staffing levels. This is a significant commitment by the council at a time of financial constraints and funding reductions which has seen most other benefits services in Scotland reducing their staffing levels.
24. Potential problem areas are identified through review of information from a variety of sources including the certification by auditors of the annual subsidy claim and accuracy-checking results. Management ensure that officers receive relevant training in areas of identified weakness. We have been advised that training provided to date has started to deliver improved performance.
25. Officers have advised that, in addition to management monitoring of the benefits service's performance results and progress against the improvement plan, benefits officers are regularly provided with feedback on key issues such as performance results, elected member comments and welfare reform implications. The Benefits Manager also advised that recognition of the professional attitude of the benefits team from senior management and elected members has helped achieve a commitment from officers and is helping towards delivering improvement activities.

## Business planning and self-awareness

**The council is demonstrating an improved self-awareness of its performance and of areas requiring improvement.**

**The benefits service plan was revised from 2011/12 to take account of risks identified and is in the process of being further revised to take account of progress, performance results for 2011/12 and emerging issues.**

26. The council revised the benefits service plan and action plan from 2011/12 to take account of risks identified in the service. The service plan and accompanying action plan are currently being revised to take account of progress made to date and to update performance targets and improvement actions. The updated service plan from 2012/13 was discussed at the benefits policy board in May 2012 and it is expected that the updated service plan will be presented to, and approved by, the policy and resources committee in September 2012.

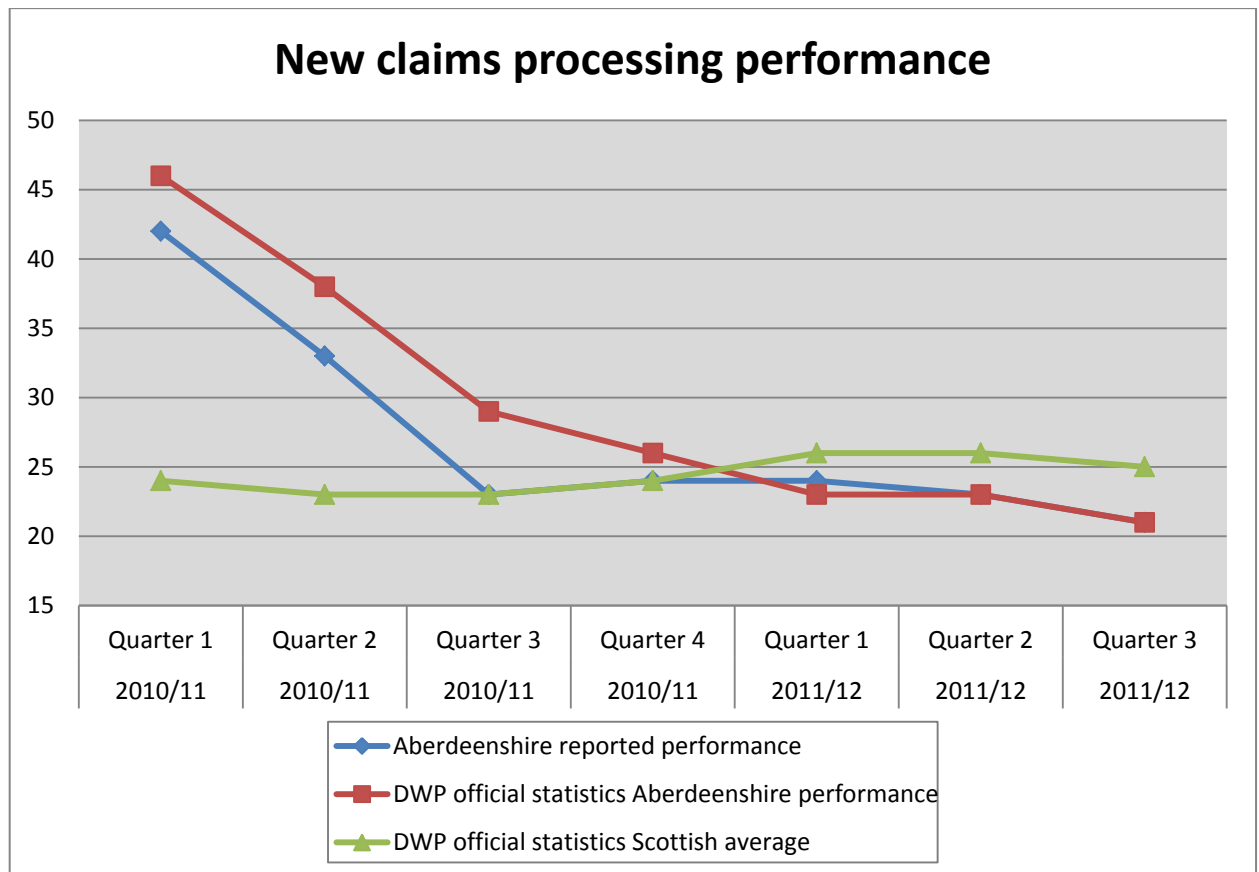
27. As shown in Appendix B, performance has improved in a number of areas over the last year. In addition, there is awareness within the service and management that further improvement and development activity is needed. This is reflected in the recent annual redrafting of the service plan and associated action plan.
28. The council has been using the "How Good is your Service" self-assessment framework to help identify areas for improvement. To date this has been carried out at directorate level with the results currently being discussed by senior management. Officers have advised that the council plan to use this self-assessment tool at service level, including benefits, over the next year in order to help identify further improvement areas.
29. The council has also been in discussion with benefits services in other councils which report better performance. Officers have identified areas for future exploration which may help deliver service improvements.
30. Officers and elected members are aware of the need to continue to monitor progress and performance results to ensure improvements are sustained.

## Delivering outcomes

### Speed of processing

**The benefits service's performance has improved significantly since the Audit Scotland visit in July 2010.**

31. New claims performance has improved from an all-time low for the council of 42 days in quarter one of 2010/11 to 22 days in quarter 4 of 2011/12. Similarly, change of circumstances performance has improved from an all-time low of 14 days in quarter two of 2010/11 to six days for quarter four of 2011/12.
32. In previous reports, Audit Scotland highlighted that the service's reported new claims performance:
  - had been consistently below the national average
  - differed significantly to that reported by the DWP.
33. The following graph illustrates the positive direction of travel and the improvement the service has made for those customers claiming benefits.



34. This shows that from April 2011:

- the service's reported new claims processing figures mirror that reported nationally by the DWP. This coincides with the council having cleared the backlog of new claims during quarter 3 of 2010/11
- performance was, and continues to be, better than the Scottish average.

35. To help maintain and improve its speed of processing performance, the service analyses on a monthly basis all cases that are not processed within 50 days. In addition, it carried out a wider analysis on a selection of cases that were processed in September 2011. The outcome of this analysis was presented to BMT at its meeting in January 2012. Remedial action that the service has taken in light of both sources of intelligence, include:

- more effective workflow management, specifically ensuring that work does not remain in individual work trays for staff who work part time or who are on sick leave
- staff are more rigorous in declaring claims defective where the customer has failed to provide the required information within one month of the initial request.

36. Further plans to aid optimum efficiency include benchmarking with two other Scottish councils who are reporting better performance, considering the implementation of risk-based verification and an electronic claim form.



## Interventions

### **The BMT agreed a risk based intervention strategy in June 2012.**

37. To minimise error in the caseload, councils must encourage customers to report change of circumstances on time and also have a robust intervention programme to identify changes and take appropriate corrective action.
38. In all previous reports from 2008, Audit Scotland has concluded that the service's intervention approach and activity was not effective or efficient, and did not demonstrate value for money.
39. In the main, this was because visits were scheduled to fill visiting officers' diaries and were not focused on risk. In addition, the service had not explored other more cost effective methods of intervention such as postal, telephone or desk-based reviews.
40. In August 2011, the service ceased visiting those cases in receipt of Income Support, Jobseekers Allowances or Pensions Credit. In general, continuing entitlement to these DWP benefits ensures continuing entitlement to housing and council tax benefit and confirmation can be obtained electronically. However, this change alone was not sufficient to significantly improve the service's intervention results for 2011/12.
41. Importantly, in June 2011 following the focused review by Audit Scotland, the Head of Finance committed the service to a review of its interventions activity. Having agreed the methodology and scope, the review started in October and involved tracking intervention cases during a six month period up to and including March 2012. Each month a random sample of cases were selected for review. These were divided equally for visits, postal and telephone review.
42. The ambitious scope of this project is not just to compare the cost and number of changes identified using the three different methods, but also to measure the amount of re-work involved in each activity.
43. A progress report was presented to the BMT in June 2012 detailing the success rate in identifying changes and the length of time to gather the required information for each method. The following table illustrates the outcomes from each method used.

Latest results from intervention review			
Method used	Number completed	Number of changes	% of changes
Visit	301	81	16%
Postal	753	291	56%
Telephone	346	150	29%
<b>Total</b>	<b>1,400</b>	<b>522</b>	<b>100%</b>

Source: Aberdeenshire Council

44. This information shows that the most successful method in terms of the number and percentage of changes identified was postal reviews. However, the value of overpayments identified using any of the above methods can vary depending on individual case circumstances.
45. In addition, a survey of other Scottish councils on their intervention approach and results, along with a review of overpayments to identify trends in the types of cases and causes of overpayments, has also informed the intervention review.
46. A risk based intervention strategy setting out the types of cases to be reviewed and the preferred method (i.e. either visit, postal or telephone) for each type of case was agreed by the BMT in June 2012. The service plans to implement the strategy during the second half of 2011/12 and routinely monitor intervention results with a view to optimising effectiveness and efficiency for 2012/13.

## Welfare reform

**The council has taken a proactive approach to welfare reforms and the implications for staff and local residents.**

47. The council has taken a proactive approach towards welfare reform. Welfare reform changes pose significant challenges not only for the benefits service but for all services in the council. The benefits service has taken a lead role for the council in reviewing the 2012 Welfare Reform Act and the implications for the council and its local residents.
48. A cross service group of officers, covering a wide range of council services, and led by the Benefits Manager was set up in January 2012 to review welfare reform implications for the council. A welfare reform risk register detailing the key risks facing services across the council has been prepared. A report is planned for the finance management team setting out the risks and the proposed actions to mitigate each risk. In addition, welfare reforms and the implications for the council has been included as a standing item on the agenda for all BMT meetings since August 2011.

49. Various council officers have been participating in working groups at a national level reviewing welfare reforms and their implications, for example, the COSLA Welfare Reform Group, the Benefits Software Suppliers Group, the Single Fraud and Investigation Service Group reviewing process maps and an officer is currently on secondment to DWP working on data sharing and discretionary housing payments.
50. Various presentations have been delivered locally to members, internal and external stakeholders, and both council and housing association tenants on the implications of welfare reforms. Officers advised that these presentations have been well received.
51. The council recognises that going forward; the benefits service will change under the universal credit regime. A review of options for the benefits service is being prepared for the finance management team. However, in recognition that the role of benefits officers will probably change significantly over the next few years, the council has started an extensive training programme to provide benefits officers with the skills to enable them to carry out different roles. Training options include Scottish vocational qualifications (SVQs) in areas such as customer service, management and degree courses delivered in partnership with the University of the Highland and Islands.

# Appendix A

## Progress against risks identified in October 2010 risk assessment report

Risk identified	Audit Scotland's consideration
1. As part of the annual business planning cycle, the service does not make clear the specific areas of its business that it needs to improve.	<p><b>Risks 1 to 5 addressed in full.</b></p> <p>The benefits service's revised business plans address this risk. The narrative plan makes clear the areas the service has identified for improvement, and cross- references these to the corresponding entry in the associated action plan.</p> <p>The monitoring of all improvement activities is greatly improved and an audit trail details the original and, where necessary, revised completion date along with regular updates.</p>
2. There is no obvious link between the few areas of future planning in the service plan and the activities listed in the associated action plan.	
3. The self-assessment shows that the action plan is monitored and regularly updated by the benefits management team. However, evidence provided by the council does not confirm this. An update for the 2009/12 action plan dated September 2009 showed that ten activities should not have been carried over to the 2009/12 action plan as they had actually been cleared before April 2009.	
4. Target completion dates are extended without any explanatory note in a high number of activities. There is no note kept of the original completion date which means that the delays in implementation are not as obvious as they might be and therefore cannot be so easily challenged.	
5. Some activities that were carried forward to the 2010/13 action plan have no target completion date at all and there is no audit trail documenting why some activities that were not completed had not been carried forward.	
6. The service has a number of performance targets in its service plan that are not monitored or reported against.	<p><b>Risk 6 addressed in full.</b></p> <p>The monthly and quarterly performance updates address this risk. These performance spread sheets record performance targets, monthly and/or quarterly as well as year to date performance. They provide a comprehensive audit trail of performance to enable early identification of any dips in performance and</p>

	also facilitate any comparison with historic and/or national performance.
7. Despite the commitment in its service plan, customer service performance is not evaluated.	<b>Risk 7 and 8 addressed in full.</b> The service's preferred method of evaluating customer service on a quarterly basis, the few number of complaints it receives and its increased liaison with its landlord community allows it to evaluate, and gain assurance on, the quality of service that is being provided to its customers.
8. Complaints are not analysed with a view to improving customer service.	
9. While the council has established partnerships with its stakeholders within the council, it has little liaison or partnership working with its external stakeholders. An example of this would be securing agreement with registered social landlords to verify claims made by their tenants, which could help improve the speed of processing of new claims.	<b>Risk 9 addressed in full.</b> Since the 2010 risk assessment report there has been much more liaison with the landlord community in the form of a seminar and discussions to secure agreement to a service level agreement (SLA). This has led to a major registered social landlord (RSL) verifying their tenants claims and an amended landlord mandate process for all RSLs, leading to improved speed of processing.
10. The council has not consulted with its customers or the wider community, including its social and private landlords and the third sector on the level and type of benefits service they need.	<b>Risk 10 addressed in full.</b> The increased liaison with its landlord community which includes the SLAs with RSLs, private landlord forums and emails notifying future changes allows the council to evaluate and gain assurance on the quality of service that is being provided to its customers and stakeholders.
11. In trying to improve its performance, the service has analysed a number of new claims to identify where delays are occurring. However, the latest analysis included 226 claims processed in December 2009 which is now outdated. To ensure that the correct decisions are being made with regard to improving new claims performance, further and more routine analysis is required.	<b>Risk 11 addressed in full.</b> The service now routinely reviews cases and uses the results to amend and improve working practices with a view to eliminating any inefficiency in the speed of processing.
12. DWP funding to administer and process the additional benefit claims during 2009/10 and 2010/11, is being invested in mobile working technology with little analysis on what	<b>Risk 12 is historical.</b> However the issue remains that the council did not use all the DWP funding for the purpose it

<p>advantageous impact this will have on processing benefits claims during the period in question or longer term.</p>	<p>was intended during 2009/10 and 2010/11, a time when the council's processing performance was poor. The precise wording in the relevant DWP subsidy circulars was:</p> <p><i>This additional subsidy will be provided solely for the purpose of assisting LAs in their statutory duty to administer and process HB/CTB claims and directly related enquiries during the economic downturn.</i></p>
<p>13. The service has recently amended its accuracy checking approach and now all cases to be checked are selected from the electronic workflow management system rather than the benefits IT system. Selecting cases from the latter would assist the identification and deterrence of internal fraud and provide better assurance on security.</p>	<p><b>Risk 13 addressed in full.</b></p> <p>From April 2012, the service selects 40 cases each month, approximately 25% of its total monthly quality assurance checks, from the benefits IT system. Selecting cases from this source provides some assurance on security and helps deter internal fraud.</p>
<p>14. Cases are selected to ensure that all processing staff, and especially new staff, are included but there is no process in place to ensure that selection is also focused on higher risk cases, in order to improve performance and help minimise any potential losses.</p>	<p><b>Risk 14 addressed in full.</b></p> <p>The service's results for 2011/12 identified no particular trends in error. However although the service's annual accuracy performance was 98% there were a number of staff with individual performances under 95%. As a result the number of checks carried out on their work is to be doubled and individual performance will be monitored to determine the next appropriate action.</p> <p>In addition, particular attention will be paid to cases where the claim is defective, ineligible or where earnings are involved.</p>
<p>15. The council's Right Benefit target to achieve an average of 19 weekly changes per 1,000 caseload for 2010/11 does not appear to be sufficiently challenging when compared to its 2009/10 performance. Nor is it likely to improve the council's position within Group A.</p>	<p><b>Risk 15 is historical.</b></p> <p>The DWP no longer publish figures for Right Benefit.</p> <p>Following Audit Scotland's risk assessment visit in July 2010 the service started to measure its success in terms of the number of changes identified following an intervention visit.</p>
<p>16. The service does not measure the effectiveness of its visiting programme in terms of identifying changes in benefit entitlement promptly.</p>	<p><b>Risk 16 addressed in full.</b></p> <p>Following Audit Scotland's risk assessment visit in July 2010 the service started to measure its success in terms of the number of changes</p>

	identified following an intervention visit.
17. The council has no effective processes in place to review the effectiveness and efficiency of its risk criteria to ensure its intervention activity is effectively and efficiently targeted.	<p><b>Risk 17 - action to address this risk is progressing.</b></p> <p>This is covered earlier in report. The service agreed a risk based intervention strategy in June 2012 for implementation later in the year.</p>
18. The service has no routine review process to analyse the reason for, and types of, overpayments that occur with a view to minimising future overpayments and ultimately the resultant losses for the council.	<p><b>Risk 18 addressed in full.</b></p> <p>Problems with overpayment reports from its system provider delayed action. The service has now analysed a selection of overpayment cases that occurred from April to December 2011. The findings from this analysis were presented to the BMT in March 2012 and will be used to inform the council's intervention strategy.</p> <p>The overpayment analysis will be repeated on a quarterly basis to ensure the service is targeting high risk cases.</p>
19. The service has carried out preliminary analysis on the recovery of fraud overpayment and administrative penalties. However, this only included cases from January 2009 and, while it shows the amount recovered, it does not include the percentage recovery rate to hopefully provide assurance that fraud overpayments are being correctly prioritised and rigorously recovered. To deter benefit fraud and to ensure that this income stream is maximised, more routine analysis is required.	<p><b>Risk 19 addressed in full.</b></p> <p>The service monitors and reports the recovery of fraud overpayments and administrative penalties every six months. Recovery rates (detailed at Appendix B) have improved.</p>
20. Performance relating to dealing with requests for reconsiderations is not routinely monitored for speed or quality to ensure that those customers making such requests are provided with an effective and efficient service and one that complies with legislation.	<p><b>Risks 20 and 21 addressed in full.</b></p> <p>This area of work is now monitored on a quarterly basis. While performance has improved (detailed at Appendix B) it has not improved as much as the service would have liked. Staff have received training to make sure they action all cases correctly before passing to the appeals officers. In addition, some appeals cases have been adversely affected by third party involvement.</p>
21. The service has set the same targets for reconsiderations and appeals for a number of years. However, it does not monitor performance against these targets, nor has it reviewed these and considered revising them to better measure success in this area.	

# Appendix B

Operational area	2010/11 performance	2011/12 target	2011/12 performance	Continuous improvement
Speed of processing - average number of days to process new claims	31 days	24 days	23 days	Yes
Speed of processing - average number of days to process change of circumstance	10 days	10 days	8 days	Yes
Accuracy - cases checked where no financial error	96%	98%	98%	Yes
Overpayments - in-year recovery	N/A	76%	44%	N/A
Overpayments - total debt recovery	N/A	35%	16%	N/A
Overpayments - classified fraud recovery	25%	25%	33%	Yes
Overpayments - Administrative Penalties recovery	41%	40%	56%	Yes
Interventions - visits resulting in change in entitlement	42%	60%	38%	No
Reconsiderations - completed and notified within 4 weeks	48%	90%	50%	Yes
Appeals - submitted to Tribunal Service within 4 weeks	12%	30%	25%	Yes
Appeals - submitted to Tribunal Service within 3 months	38%	90%	55%	Yes



**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**REPORT BY CONTROLLER OF AUDIT**

**BEST VALUE AUDIT AND INSPECTION – FOLLOW-UP REPORT:  
STRATHCLYDE POLICE AUTHORITY**

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**Purpose**

1. The purpose of this report is to introduce the Controller of Audit's follow-up report on the Best Value Audit and Inspection of Strathclyde Police Authority. The purpose of this paper is to introduce the report of the Best Value audit and inspection of Fife Constabulary and Police Authority. The Commission is invited to consider the report and decide which of the options for action it wishes to take.
2. The Commission is invited to consider the report and decide how it wishes to proceed.

**Background**

3. I presented a report to the Commission in July 2011 on the performance of Aberdeenshire Council's housing and council tax benefits service. The report resulted from the council's delay in implementing agreed actions to address risks identified in a risk assessment of the benefits service carried out by Audit Scotland in 2008, and a decision by the council to defer preparing an improvement strategy following its 2010 risk assessment.
4. In its findings, the Commission expressed concern about the council's delay in implementing agreed action. The findings stated that senior managers needed to do more to ensure action was taken within agreed timescales. Elected members needed to ensure better information was received on service performance and to use that information to scrutinise performance, and hold senior managers to account. The Commission also noted that the service needed to improve its self-awareness and to instil a culture of continuous improvement. The Commission required a report on the position of the service in 12 months time.
5. The Commission also agreed, in view of the serious nature of the points raised in the report, to meet with senior officers and elected members of the Council to discuss the findings. This meeting subsequently took place in November 2011, with the Commission represented by Douglas Sinclair (Depute Chair), Bill McQueen (Chair of the Financial Audit and Assurance Committee) and Jim King.
6. This report provides an update on progress made by the council in addressing the Commission findings and against its benefits action plan.

**The report**

7. The report is made under section 102(1)(a) of the Local Government (Scotland) Act 1973 (as amended by various subsequent pieces of legislation including the Local Government in Scotland Act 2003). The report is also being sent to the Council, which is

obliged to supply a copy of the report to each member of the Council and make additional copies available for public inspection.

8. 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.

### **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. The Controller of Audit and members of the audit team will be present at the Commission meeting and will be available to answer questions.

### **Conclusion**

11. The Commission is invited to:
  - consider the report by the Controller of Audit on the progress made by Aberdeenshire Council in relation to its action plan, and
  - decide how it wishes to proceed.

**Paul Reilly**  
**Secretary and Business Manager**  
**15 August 2012**

**ACCOUNTS COMMISSION**

**MEETING 23 AUGUST 2012**

**COVER NOTE BY SECRETARY AND BUSINESS MANAGER**

**BEST VALUE AUDIT AND INSPECTION – FOLLOW-UP REPORT:  
STRATHCLYDE POLICE AUTHORITY**

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**Purpose**

1. The purpose of this report is to introduce the follow-up report on the Best Value Audit and Inspection of Strathclyde Police Authority. The Commission is invited to consider the report and decide how it wishes to proceed.

**Background**

2. At its meeting in June 2011, the Commission considered the report on the Best Value audit and inspection of Strathclyde Police and Strathclyde Police Authority, submitted jointly by the Controller of Audit and Her Majesty's Inspector of Constabulary for Scotland (HMICS).
3. The Accounts Commission's findings said that the authority needed to strengthen its arrangements for oversight of Strathclyde Police and its leadership of the force's continuous improvement agenda. Improved support and training was required to help authority members to develop their understanding, build their skills and gain greater confidence in holding the chief constable to account. The Commission did not consider that the authority was getting sufficient value from its dedicated support function and said that better support would enable it to carry out its governance and scrutiny role more effectively. It recommended that the authority should monitor the support function's performance, including holding the chief executive to account for the delivery of improvements within agreed timescales. The findings also emphasised the need for the authority and force to establish more effective joint working arrangements and work together to develop a shared vision for policing across the Strathclyde area. HMICS found that Strathclyde Police was performing well and that the force demonstrated many of the aspects of best value. The Commission required the authority to address the improvement agenda set out in the joint best value audit and inspection report.
4. The Commission requested that a further report be provided in around 12 months to enable the Commission to review the authority's progress in fulfilling its role more effectively and in getting better value from the resources it has available to it. This report focuses on the authority's actions to address the improvement agenda set out in the joint best value audit and inspection report.
5. This report provides an update on progress made by the authority in addressing the Commission findings.

**The report**

6. The report is produced by the Controller of Audit and HMICS. Insofar as the report relates to the police authority, it is made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973 as amended by subsequent legislation,

including the Local Government in Scotland Act 2003. The report is made by the Controller of Audit to the Commission. The report is also being sent to the Clerk of the Police Authority. The Clerk is required to supply a copy of the report to each member of the authority and to make additional copies available for public inspection.

7. The Accounts Commission and HMICS each have statutory powers to audit and inspect Best Value in police authorities. The Commission is only able to take action in relation to the Best Value audit of the police authority. HMICS's judgements, relating solely to the police force and Chief Constable, are outside the Commission's remit. HMICS is directly accountable to Scottish Ministers.
8. The legislation provides that, on receipt of a Controller of Audit report, the Accounts 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.

### **Consideration of the report**

9. The Controller of Audit and members of the audit team from Audit Scotland will be present at the Commission meeting to answer questions, along with Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland, and HMICS staff.
10. If the Commission considers that it requires further information to proceed with its consideration of the report, it may direct the Controller of Audit to carry out further investigations. If the Commission is satisfied with the information which it has, it may wish to proceed to make findings unless members consider that a hearing is necessary.
11. The circumstances in which the Commission may wish to hold a hearing are likely to include:
  - where the Commission has serious concerns about the performance of a local authority as demonstrated in the audit report; or
  - where there is a strong difference of opinion between the Controller of Audit and the local authority.
12. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make enforcement Directions requiring authorities to take such action as is specified in the Direction.

### **Media**

13. Once the report is sent to the authority it is effectively in the public domain and may attract media interest. As with council Best Value audits, it is not intended that any media comment should be made by the Commission until it has deliberated on the report. The approach to media presentation will be agreed between the Commission and HMICS in order to ensure that the joint report together with any findings agreed by the Commission have the maximum impact in promoting improvement in police services.

### **Conclusion**

14. The Commission is invited to:

- consider the follow-up report on the Best Value Audit and Inspection of Strathclyde Police Authority; and
- decide how it wishes to proceed.

**Paul Reilly**  
**Secretary and Business Manager**  
**15 August 2012**

# Strathclyde Police Authority

## Best Value Audit and Inspection follow-up



Prepared for the Accounts Commission  
August 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Contents

<b>Introduction .....</b>	<b>4</b>
Strathclyde Police Authority .....	5
Accounts Commission and HMICS findings 2011 .....	5
<b>Summary .....</b>	<b>7</b>
Overall conclusions .....	7
Improvement agenda .....	8
<b>Progress in Strathclyde Police Authority .....</b>	<b>9</b>
Improvement plan .....	9
Joint working with force .....	11
Performance and improvement .....	13
Authority office .....	16
<b>Appendix 1 .....</b>	<b>21</b>
Progress in implementing improvement actions .....	21



# Introduction

This joint report is made by the Controller of Audit to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973 and by Her Majesty's Inspector of Constabulary for Scotland (HMICS) under section 33 of the Police (Scotland) Act 1967.

The Local Government in Scotland Act 2003 introduced statutory duties relating to Best Value and Community Planning. The Act also amended the audit arrangements set out in the Local Government (Scotland) Act 1973 to cover Best Value and gave powers to the Accounts Commission to examine Best Value in police authorities. HMICS has a statutory duty under section 33 of the Police (Scotland) Act 1967 to inspect police forces and common police services, and to report to ministers on their state and efficiency. The 2003 Act extends this to include provision for HMICS to inquire into and report to Scottish ministers on whether a local authority is carrying out its functions both as a police authority and in relation to a number of matters including Best Value.

The joint report on the Best Value Audit and Inspection of Strathclyde Police and Strathclyde Police Authority, along with the findings from the Accounts Commission and HMICS, was published in July 2011. This is a follow-up to that report.

The Police and Fire Reform (Scotland) Bill was passed by the Scottish Parliament on 27 June 2012. It creates a single police service and a single fire and rescue service to begin operating from 1 April 2013. The bill puts in place new arrangements for the structure, governance and management of policing in Scotland. This includes the creation of a Scottish Police Authority to govern the new service and hold the chief constable to account. This report reflects that the authority is in a transitional phase.

Local elections were held on 3 May 2012 and as a result there was a need to constitute a new authority administration. The membership of the authority changed significantly following the local elections, with only 11 of the previous 34 members returning. The newly constituted authority met for the first time on 7 June 2012. At this meeting Councillor Philip Braat (Glasgow City Council) was appointed as the authority's new convener.

The audit team met with the convener and chief executive in July 2012 to discuss the draft report. Councillor Braat took the opportunity to highlight what changes are being made to how the authority manages its business. He recognises the limited time available to the current authority and is focusing on delivering improvement for the authority. The chief executive is preparing, in conjunction with an officer from Strathclyde Police Force, a consolidated improvement plan. The plan will have clear objectives with specific timescales for completion and will be a standing item for discussion at each full authority meeting. Councillor Braat is meeting with the chief constable to discuss how the authority and force can work more effectively together. A new approach to training authority members will be implemented with short sessions taking place before authority meetings. Councillor Braat has also implemented an appraisal system for the chief executive which will involve an external senior council official.

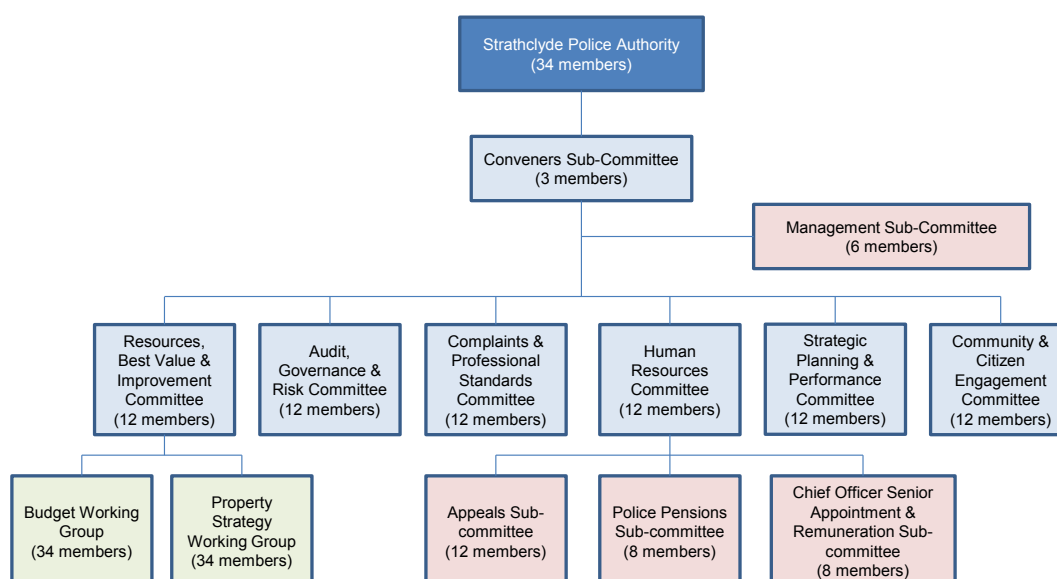
We gratefully acknowledge the co-operation and assistance provided to the team by Councillor Curran (Convener April 2010 to May 2012); Councillor Braat; the elected members of Strathclyde Police Authority; Authority Chief Executive Keith Mannings; Chief Constable Stephen House, Strathclyde Police; and all other staff involved.

## Strathclyde Police Authority

Strathclyde Police Authority (previously known as Strathclyde Joint Police Board and still statutorily constituted as a joint police board) is responsible for a revenue-policing budget of approximately £448 million. It is the largest joint police board in Scotland made up of 34 elected members from 12 councils. In 2007 it created a dedicated support function, unique to Scotland, employing 11 staff who make-up the authority office. The authority office has an annual budget of approximately £1.3 million.

The authority appointed a chief executive in September 2009, replacing the previous clerk, and instructed him to carry out a review into its governance and scrutiny of Strathclyde Police. An improvement plan was developed and a new committee structure, shown by Exhibit 1, was implemented in April 2011.

### Exhibit 1: Committee structure



Source: Strathclyde Police Authority

## Accounts Commission and HMICS findings 2011

The Accounts Commission's findings said that the authority needed to strengthen its arrangements for oversight of Strathclyde Police and its leadership of the force's continuous improvement agenda. Improved support and training was required to help authority members to develop their understanding, build their skills and gain greater confidence in holding the chief constable to

account. The Commission did not consider that the authority was getting sufficient value from its dedicated support function and said that better support would enable it to carry out its governance and scrutiny role more effectively. It recommended that the authority should monitor the support function's performance, including holding the chief executive to account for the delivery of improvements within agreed timescales. The findings also emphasised the need for the authority and force to establish more effective joint working arrangements and work together to develop a shared vision for policing across the Strathclyde area. HMICS found that Strathclyde Police was performing well and that the force demonstrated many of the aspects of best value.

The Commission required the authority to address the improvement agenda set out in the joint best value audit and inspection report. This included the following priorities:

### Joint improvements

- Establish more effective joint working arrangements with the force and clarify the role of the police authority office.
- Work jointly with the force to develop a shared vision for policing across the Strathclyde area.

### Authority improvements

- Adopt a more proactive approach to gathering performance and improvement information from the force to facilitate more effective oversight and scrutiny.
- Identify opportunities for increased involvement in equality and diversity activity.
- Strengthen member training and development, with a focus on improving member understanding of their roles and responsibilities.
- Adopt a more robust approach to monitoring the authority's improvement agenda arising from the chief executive's review of authority governance.
- Establish arrangements for monitoring the cost and effectiveness of the support function to ensure that it is sufficiently adding value.

The Commission requested that the Controller of Audit provide a further report in around 12 months to enable the Commission to review the authority's progress in fulfilling its role more effectively and in getting better value from the resources it has available to it. This report focuses on the authority's actions to address the improvement agenda set out in the joint best value audit and inspection report.

# Summary

## Overall conclusions

The authority accepted the Commission's findings and agreed a schedule of tasks to address them in October 2011. The authority can demonstrate improvement in a number of areas, however the overall pace of change has been slow and oversight and challenge by authority members of the joint best value improvement agenda and the schedule of tasks has been limited.

Members of the newly constituted authority need to be briefed on the outstanding items and measures being taken to address them as a matter of priority. The authority needs to set realistic deadlines for implementation of the schedule of tasks and progress should be subject to regular scrutiny by members.

1. Since the publication of the joint best value audit and inspection report in July 2011, there have been a number of improvements. The authority has:
  - increased involvement in equality and diversity activity and developed and progressed an action plan to improve leadership and scrutiny in this area
  - strengthened its scrutiny of the force's performance and improvement through the introduction of a new committee structure and a revised code of corporate governance
  - closely monitored finance, staffing and asset management arrangements within the force through authority meetings and the budget working group and considered savings and efficiencies as well as the implications of police reform
  - introduced regular monitoring and scrutiny of the authority office budget
  - developed and agreed a member training framework and implemented an induction programme for new members.
2. However in other areas there has been limited progress:
  - There remains an absence of genuine joint decision-making between the authority and the force and the authority has had little involvement in shaping future policing priorities.
  - The authority has not significantly strengthened its strategic oversight and challenge of the force's approach to partnership working.
  - The role of the authority's support function is still not fully understood by all authority members.
  - The proposed staff review and job evaluation of the authority office remains ongoing.
  - There is limited evidence that the chief executive is being held to account for the performance of the authority office or delivery of the improvement agenda.
  - There has been an absence of regular reporting and monitoring of the recommendations from the chief executive's review of authority governance.
3. The creation of a single police force for Scotland, which will begin operating on 1 April 2013, means that the newly constituted authority will only be in place for ten months. It is crucial that

business as usual is maintained over this period and the improvement agenda continues to be progressed. Other priorities for the new authority include rolling out training to new members, improving how the authority office does business and introducing greater oversight and scrutiny of the chief executive.

## Improvement agenda

4. There are still a number of key areas where the authority needs to improve. These are detailed below:
  - The authority should continue to strengthen joint working arrangements with the force to facilitate genuine joint decision-making.
  - The authority should adopt a more proactive approach to gathering performance and improvement information on force partnership working.
  - The authority should continue to monitor the effectiveness of its support function and its business arrangements. The staff review and job evaluation should be progressed as a matter of priority.
  - The authority should introduce formal arrangements for holding the chief executive to account for the performance of the authority office and delivery of the improvement agenda.

# Progress in Strathclyde Police Authority

## Improvement plan

The authority does not have a comprehensive improvement plan. It has developed a schedule of tasks to address the Accounts Commission's findings; however this is in addition to the recommendations already in place from the chief executive's review initiated in March 2010. The absence of a single, focused plan with clear priorities, and the lack of regular reporting against this, reduces the members' ability to effectively scrutinise and challenge on progress. Members are unable to demonstrate leadership of the improvement agenda.

5. The joint best value audit and inspection (2011) found slow progress in relation to improvement activity. It also highlighted that authority members needed to demonstrate clearer leadership of the improvement agenda which could be achieved by adopting a more robust approach to monitoring the progress of implementation of the actions arising from the chief executive's review. The 2011 report identified important areas such as joint working and partnership activity where progress was reported as complete but where we found no evidence that this was the case.
6. Following his appointment in September 2009, the authority members requested the chief executive to carry out a review into the authority's governance and scrutiny of Strathclyde Police. The review was first reported to the authority in June 2010 and the resulting improvement plan was agreed in August 2010. The improvement plan contains 14 recommendations designed to improve performance across a range of areas. These include joint working with the force, scrutiny, community planning, member training and a number of internal management matters such as the procurement of treasury management services. The improvement plan was agreed by members in August 2010.
7. The authority does not have a single, comprehensive improvement plan. Following the publication of the joint best value audit and inspection report, the chief executive, in conjunction with the force, prepared initial proposals for addressing the improvement agenda set out in the report. These were presented to the full authority in August 2011 and authority members agreed that the authority and force should develop a schedule of tasks for approval at the next authority meeting. The schedule of tasks, which fully addresses the improvement agenda from the 2011 best value audit and inspection, was agreed by members at the October 2011 authority meeting. The schedule identifies joint tasks as well as tasks specific to the force and the authority. There is considerable overlap between the schedule of tasks and the chief executive's improvement plan. This duplication could weaken scrutiny of improvement activity as it is not clear to members which set of actions they should focus on. At the October meeting members agreed to remit the monitoring of the schedule of tasks to

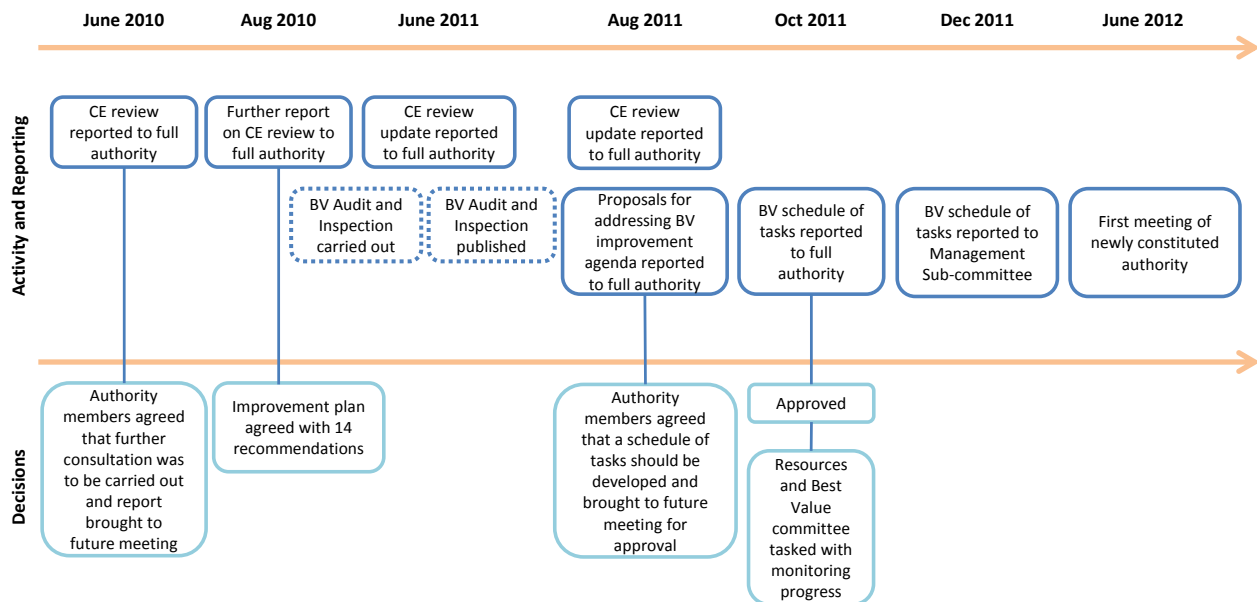
the Resources, Best Value and Improvement Committee, with regular reports to be submitted to this committee.

8. The authority office has not provided the authority with timely updates on improvement activity. The last update of progress against the recommendations of the chief executive's review was made to the August 2011 authority meeting. At that time ten of the 14 tasks were reported as complete. Since August 2011 there is no evidence of monitoring by the full authority of the remaining tasks despite the authority's schedule of tasks containing an agreed action for progress against the chief executive's improvement plan to be reported to full authority meetings. Implementation of some of the outstanding tasks, including the staff review and job evaluation and review of the authority's budget, were discussed at the December 2011 and March 2012 meetings of the management subcommittee. This subcommittee has a strategic role and gives guidance to authority officers. Its membership includes the convener, two vice-conveners and three additional members. The minutes of the management subcommittee are considered at authority meetings.
9. The force reported its own actions as being complete at the October 2011 authority meeting. However, it has not reported progress on joint improvement activity.
10. Appendix 1 combines the recommendations of the chief executive's improvement plan and the schedule of tasks into a single table. This highlights the extent to which the actions in the improvement plan and schedule of tasks cut across the same areas. For each recommendation, the table outlines progress reported at full authority meetings, the target date for completion and actual progress based on review of committee minutes and interviews with authority office staff and members. Thirteen of the 23 recommendations have been reported as complete, however the evidence suggests only nine have been fully implemented, eight have been partially implemented and six have not been implemented.
11. Members lack clear leadership of the improvement agenda for the police authority. They have failed to adopt a more robust approach to reviewing and challenging progress of improvement activity. The Resources, Best Value and Improvement Committee has met on three occasions since the decision by members at the October 2011 authority meeting to remit monitoring of the schedule of tasks to it. There is no evidence of reporting of progress against the schedule of tasks at these meetings. The most recent update was presented to the December 2011 meeting of the management subcommittee. Individual tasks have been delegated to various authority committees, for example equality and diversity improvements have been monitored by the Audit, Governance and Risk Committee. There is, however, no evidence of oversight of the entire programme of improvements since December 2011.
12. The schedule of tasks included an action for the chief executive to present a final report to a full authority meeting once all improvement actions, including those from the chief executive's review, had been implemented. The schedule of tasks included a target date of February 2012 for completion of the report. It has not been prepared and the chief executive now plans to present it to the August 2012 authority meeting.



13. Exhibit 2 shows the timeline for the agreement and reporting of the chief executive's review, the joint best value improvement agenda and the schedule of tasks.

### Exhibit 2: Timeline for improvement activity



Source: Audit Scotland

## Joint working with force

There is room for improvement in the joint working arrangements between the force and the authority. There is little evidence that the authority has had active involvement in shaping future policing priorities. Authority members' uptake of opportunities to discuss and input to strategic priorities for the force has been poor. However, the force should continue to involve members in discussions. Joint working on equality and diversity activity has improved.

### Shared vision

14. A key recommendation of the joint best value audit and inspection was that the authority and force work jointly to develop a shared vision for policing across the Strathclyde area. The Accounts Commission found that the authority needed to become more involved in shaping the policing priorities for the area. While the authority endorsed the vision and strategic direction established by the force it was not actively involved in its development. Our recent work has found that the authority continues to have limited involvement in shaping future policing priorities for Strathclyde.
15. The Strategic Planning and Performance Committee was set up in April 2011. Members agreed at its first meeting, in August 2011, to be involved in the determination of future policing priorities. This was to include agreeing a vision for policing which reflects the views of communities. A target date of February 2012 was agreed for completion of the force's planning process. At the same meeting the force's head of performance and analysis provided



members with an initial briefing on the force's strategic planning and performance management process.

16. The force invited authority members to participate in workshops as part of its strategic planning process for 2012/13. The workshops were held in December 2011 and January 2012 and participants included police staff and police officers with responsibility for performance. The aim of the workshops was, among other things, to discuss and agree new draft key performance indicators for 2012/13, which would be presented to the chief constable for approval and implementation. The workshops were very poorly attended by members, with just three participating in the December workshop and one attending in January. This was despite the authority office contacting authority members to inform them the workshops were taking place. This was a missed opportunity for the authority to become actively involved in setting the vision and strategic direction for policing in Strathclyde.

### **Arrangements with force**

17. The Accounts Commission findings from the joint best value audit and inspection emphasised the need for more effective joint working between the authority, its support function and the force to ensure they deliver best value for people in the Strathclyde area. This would require clarity about the roles and responsibilities of the elected members of the authority and the staff the authority employs in its support function. We have found during our recent audit that improvements could still be made to joint working arrangements between the force and the authority.
18. Following consideration of the chief executive's review recommendations, members noted that the authority's scheme of delegated authority should be reviewed to ensure it still meets the needs of the authority and the force. This recommendation was incorporated within the authority's schedule of tasks and agreed with the force. The review was to be completed by January 2012. The deputy chief executive has taken responsibility for updating the scheme of delegation and as of May 2012 was in the process of completing it.
19. The implementation of a member special interest area scheme was one of the recommendations of the chief executive's review. The scheme involves members taking a lead on one of nine portfolio areas to allow particular focus on important policing issues and encourage joint discussion with the force. Member leads operate on behalf of all authority members and may bring portfolio business to the attention of the authority and its committees. Portfolio leads were agreed at the April 2011 authority meeting.
20. Member involvement in the scheme has been limited. A member information seminar on the special interest area scheme was held on 7 September 2011. This was attended by the convener, the chief executive, an inspector from the force and five of the nine portfolio leads. There is evidence of good work being carried out by the portfolio lead for equality, diversity and human rights; however the involvement of other members in the scheme is less clear. Two portfolio leads confirmed in interviews that they had not met with their force counterparts.
21. Further information on clarity of roles and responsibilities of members and the authority's support function can be found in the authority office section of this report.

## Equality and diversity

22. The Accounts Commission found that the authority did not provide effective leadership of equalities. There was no elected member involvement in the force's equality and diversity steering group. The authority did not effectively scrutinise the force's equality and diversity activity and members had limited opportunity to deliver their role in this area. We have found improvements in joint working on equality and diversity and the authority has greater oversight of the force's activity in this area.
23. In April 2011, the authority appointed a portfolio lead for equality, diversity and human rights as part of the member special area interest scheme. The authority's policy and performance officer was given responsibility for providing support. Since then the portfolio lead and the policy and performance officer have met with the force on a number of occasions and have attended the force's equality and diversity steering group. They produced an action plan to improve the authority's leadership and scrutiny of equality and diversity activity. Their recommendations were agreed at the February 2012 Audit, Governance and Risk Committee. Good progress was reported at the April 2012 meeting with four of the six recommendations implemented. This work has had a positive impact, particularly in improving the authority's access to equality and diversity information from the force.
24. The member responsible for equality, diversity and human rights did not stand for re-election and is consequently no longer a member of the authority. It is crucial that the new member appointed to this portfolio has the appropriate skills and experience to continue to drive improvement in this area and ensure that the action plan is completed.
25. The force's standard operating procedures for equality, diversity and dignity in employment were agreed at the August 2011 Human Resources Committee. Since then there is evidence of regular consideration of the force's equality and diversity activity by the same committee.
26. The authority made a proposal to the force to develop a joint equality and diversity strategy at the force's equality and diversity board meeting in October 2011. The proposal was not accepted by the force, who wrote to the authority office in November 2011 expressing reservations due to the upcoming police reform and the practicalities of how a joint strategy might work. The authority has not subsequently developed its own strategy and it is unclear how it monitors its own equality and diversity responsibilities.

## Performance and improvement

The authority is taking a more proactive approach to gathering performance information in areas such as community consultation and engagement and in force improvement activity. This has led to greater challenge of the force by members. However it has not progressed as well in relation to its strategic oversight and challenge of the force's approach to partnership working. The authority closely monitors the force's use of resources as well as its position on savings and efficiencies.

### **Force partnership working**

27. The Accounts Commission found that the authority was not proactively seeking information on the force's partnership work and using this information to assure itself that partnership working was being effectively managed and contributing to the delivery of local policing outcomes. This was identified as a key area for development in the improvement agenda however our recent work highlights that there has not been any significant improvement in the authority's oversight of the force's partnership work.
28. The authority included an action in their schedule of tasks to obtain a report from the force on effective partnership working and community leadership activities. This document was also to incorporate information on current partnership and framework contract arrangements. A target date of December 2011 was set for receipt of the report. The force's report has not yet been prepared. There is no evidence of authority members or the authority office taking any proactive measures to seek its completion. The authority office has a responsibility to ensure that the force provides requested reports to the authority's committees in a timely manner.
29. The approach to force engagement in the development of Single Outcome Agreements (SOAs) was reported to the June 2011 meeting of the Community and Citizen Engagement Committee. It was agreed that reports on individual SOAs would be considered by the Strategic Planning and Performance Committee, however these have also been reported to the Community and Citizen Engagement Committee. As yet, only the SOAs for North Lanarkshire and Inverclyde have been considered.

### **Community engagement**

30. The Accounts Commission's findings highlighted that authority members had a good understanding of issues facing their local communities but that the authority lacked a strategic approach to exercising its community engagement role. It was recommended that the authority consider how it can adopt a more strategic and systematic approach to understanding the needs of communities served by Strathclyde Police. The authority's oversight of force community engagement has improved. Further work is required, however, to strengthen the authority's own community engagement.
31. The Community and Citizen Engagement Committee was set up in April 2011 and first met in June 2011. The remit of this committee includes scrutinising and assessing engagement between Strathclyde Police and the local communities it serves and monitoring any formal or informal consultation undertaken by Strathclyde Police with local communities. The committee has considered a number of reports from the force on community engagement. These include the force's public consultation and community engagement process and its approach to community consultation through digital media.
32. The authority's schedule of tasks included an action to evaluate the requirement for direct community consultation to address the authority's reliance on the force for information on the communities it serves. Direct community consultation has not been undertaken. The Strategic Planning and Performance Committee agreed in April 2012 not to proceed with this due to the lack of time available to complete this activity before implementation of the single police force.

**Force improvement activity and performance reporting**

33. The Accounts Commission found that the authority did not actively seek out reports of improvement activity undertaken by the force and was not playing an active part in identifying and prioritising improvement areas within the force. The improvement agenda from the joint best value audit and inspection identified this as an important development area for the authority. Our recent work highlights that the authority has taken a more proactive approach to monitoring performance and obtaining information on force improvement activity. This has led to greater challenge of the force by members.
34. The remit of the Strategic Planning and Performance Committee includes closely monitoring force performance through receiving regular update and assessment reports. The committee has received a range of performance reports, since it was set up in April 2011, including reports produced by the authority's policy and performance officer. These are designed to draw members' attention to certain areas of force improvement activity, including:
- Strathclyde Police performance assessment from 2010/11 Scottish Policing Performance Framework
  - HMICS annual report 2010/11 - Strathclyde Police force commentary
  - Fixed penalty notices compliance rates.
35. The reports prepared by the policy and performance officer have prompted members to challenge the force on specific issues and on occasion request further information. Examples include:
- requesting further information on the compliance rate for fixed penalty notices and enforcement policies applied
  - asking for updates on work to improve fixed penalty notice compliance
  - requesting more detailed information on the force's recency - frequency - gravity analysis.
- Discussions with members and observation of authority meetings have also confirmed that members are proactive in challenging the force for more information where they do not think sufficient detail has been provided.
36. The authority has updated its local code of corporate governance. The draft code was discussed at the November 2011 meeting of the Audit, Governance and Risk Committee and the final version was agreed at the committee's February 2012 meeting. It has not been considered by the full authority. The code sets out how the authority will address its principles of good governance and clearly outlines the evidence from the force and authority that these aims have been achieved. The code also details how improvement activity will be reported across the authority's various committees. This is consistent with the terms of reference for each committee.
37. Reports on force change management were due to be presented to the authority's budget working group but haven't been discussed. There is evidence, however of consideration of change management reports at authority meetings.

## Monitoring of savings and efficiencies

38. The Accounts Commission identified a lack of monitoring by members of the achievement of savings and efficiencies within the force. This was highlighted as a significant area for development given the reductions in funding across the public sector. Our recent audit has found that the authority closely monitors the force's use of resources and its position on savings and efficiencies at full authority meetings and through the budget working group.
39. Revenue budgetary reports for the force are considered at each authority meeting. These identify areas of underspend and overspend and forecast the likely year end position. Members have demonstrated a willingness to query certain elements of spend and request further detail from the force's director of finance. The 2012/13 revenue budget strategy for the force was agreed at the February 2012 meeting of the authority. This included consideration of the proposed efficiencies and quantified savings and the financial implications of the move to a single police force in April 2013. The force's capital programme for 2012-13 was approved at the April 2012 authority meeting. There was significant challenge by members on the appropriateness of certain elements of spend during discussion of the capital programme.
40. The authority's budget working group meets twice a year to consider the force's budget. Its membership includes all 34 authority members. Items considered by the group have included:
- annual revenue budget strategy
  - medium term financial strategy
  - procurement process for cleaning and janitorial services.
41. The authority's schedule of tasks set out an action to review the terms of reference of the budget working group and make a proposal to the authority for enhancements to cover reform and change matters. The results of the review were to be reported to the August 2011 meeting of the authority. The budget working group does not have terms of reference.

## Authority office

The role of the authority's support function is still not fully understood by all authority members. There is limited evidence that the chief executive is being held to account for the performance of the authority office or delivery of the improvement agenda. While there have been some improvements in monitoring the cost of the authority office there has been limited work undertaken in determining its effectiveness. Business arrangements for the authority's new governance structure need to be fine tuned to avoid duplication across committee agendas.

### Role of the authority office

42. The Accounts Commission made the point, in their findings from the joint best value audit and inspection, that the authority was not getting sufficient value from its support function. To address this, the authority needed to be clearer about what professional support it required to allow it to exercise its governance role more effectively and to support scrutiny of the

performance of the police force. Our recent work found that authority members remain unclear on the role of the police authority office.

43. In response to the Commission findings the authority agreed to produce and distribute information on the role of the authority office. A target date of December 2011 was set in the authority's schedule of tasks for completion of this action. This has not been fully completed.
44. The induction pack distributed to members in May 2012 contains information on the purpose of the authority office and authority staff. This includes job descriptions for the 11 staff employed by the authority. This information is, however, under review due to the ongoing job evaluation of authority office staff. The guidance has not yet been shared with all the authority's stakeholders.
45. It is apparent, from interviews with authority members, that there is a lack of clarity over the role of the authority office. Members are still not clear about what they expect from the authority office and its staff. This is a significant issue as a review of the staffing structure of the authority office is in progress and members have a key role in deciding what the structure should look like.

#### **Cost and effectiveness**

46. The Accounts Commission findings highlighted that the authority is responsible for ensuring that the support function is effective and provides value for money. The authority has improved its arrangements for monitoring the cost of the authority office; however it could do more to monitor its effectiveness.
47. The chief executive's review of the authority, initiated in March 2010, recommended that the staffing structure of the authority office be reviewed to ensure it is fit for purpose and supports best value. A job evaluation for all authority office staff, carried out by force HR, to consider their roles and responsibilities was to be carried out at the same time. It was originally proposed that the recommendations of the staff review and job evaluation be reported to the October 2011 authority meeting. This deadline was then extended to March 2012 in the schedule of tasks.
48. The staff review and job evaluation remain outstanding. The chief executive reported to the March 2012 management subcommittee that these would continue into the summer due to lack of capacity of the force's HR evaluation team. A deadline has not been set for completion of these processes and reporting of the results to the authority. The staff review and job evaluation were first proposed over two years ago and the continuing delay in their completion could adversely affect staff morale. The review of the authority office's staffing structure is not reliant on completion of the job evaluation and could have been progressed whilst the job evaluation remained ongoing.
49. The development of an authority end of year report to members highlighting progress and improvements has been included in the schedule of tasks. This was to be prepared by the authority office and presented to the March 2012 authority meeting. The end of year report has yet to be completed. A revised deadline of the August 2012 authority meeting has been



set. It would have been useful if this report had been available to new members when they first joined the authority to aid their understanding of the work carried out by the authority and how it supports best value.

50. A review of the authority office budget has been completed by the chief executive and a service level agreement finalised with Glasgow City Council for the services and facilities the council provides to the authority. These include:

- treasury services
- accommodation and utilities
- information and communications technology
- facilities management and security.

The service level agreement was approved by members at the August 2011 authority meeting. The cost for 2011/12 was £400,000.

51. The overall position of the police authority office budget was first reported at the August 2011 authority meeting and has been presented at all subsequent meetings. The budget is considered in more detail at meetings of the management subcommittee. It is analysed line by line by the management subcommittee, with variances examined and explanations provided.

### **Member training and development**

52. The Accounts Commission found that the authority needed to strengthen member training and development. This was to focus on improving member understanding of their roles and responsibilities to give them greater confidence in holding the chief constable to account. Our recent work has found that the authority has made some progress, including agreeing a member training framework and implementing an induction programme for new members. However, providing adequate training to members is a fundamental role of a joint police board.
53. A member training framework was agreed at the June 2011 authority meeting. This sets out the training to be provided to new members within four months of their appointment to the authority. It was agreed that more comprehensive training would follow the induction training period. This would encourage continuous development by addressing gaps in knowledge identified by members through training needs assessments and providing the training required to chair committees and lead on working groups or special area interest portfolios.
54. A draft induction training plan was agreed by members at the April 2012 authority meeting. This mirrors the content of the member training framework. It was also agreed at this meeting that a package of induction information would be provided to members in advance of the first meeting of the newly constituted authority.
55. The induction handbook was distributed to members prior to the June 2012 authority meeting. It is a comprehensive document and includes information on the role of members, committees and the police authority office. This has been supplemented with training days, held on the 14th and 26th of June 2012, covering a number of topics such as the authority governance

and committee structure, finance and resources, and planning and performance. The training days have not been well attended. Fourteen of the 34 members attended on 14 June and 11 members attended on 26 June. Alternative methods of delivering the training, such as short sessions after authority meetings, should be considered to improve attendances.

- 56. Details of the comprehensive training to follow the induction period are still to be confirmed. This will be driven by the requirements of members. In the past some individuals have received training specific to their role. For example, members of the Audit, Governance and Risk Committee received audit training from CIPFA.

### **Appraisal of the chief executive**

- 57. The Accounts Commission emphasised, in their findings, that the authority is responsible for ensuring that the support function is effective and provides value for money. This means the authority should monitor the support function's progress and hold the chief executive to account for its performance and for delivery of improvements within agreed timescales. Our recent work has found limited evidence that the chief executive is being held to account for the performance of the authority office or delivery of the improvement agenda.
- 58. We would expect the convener of the authority to conduct regular performance appraisals of the chief executive. The previous convener confirmed that this had not happened. Another means by which the authority can hold the chief executive to account is through scrutiny of progress against the best value audit and inspection improvement agenda. The schedule of tasks, to address the improvement agenda, was last considered by the full authority in October 2011 and the management subcommittee in December 2011. Since then there has been no opportunity for members to review progress and hold the chief executive to account for improvements not completed or deadlines missed.

### **Business arrangements**

- 59. The Accounts Commission findings highlighted the need for the authority to improve its oversight and scrutiny function. The new committees for strategic planning and performance and community and citizen engagement were identified as being key to developing the expertise of authority members and allowing them to focus on key areas. Business arrangements for the authority's new governance structure still need fine tuning to avoid duplication across committee agendas.
- 60. The new committees have improved the authority's oversight and scrutiny of strategic policing and performance issues, however there is evidence of duplication in agenda items. Instances have been noted of the same papers being considered by a number of committees. For example, reports on force engagement in single outcome agreements have been presented to both the Strategic Planning and Performance and Community and Citizen Engagement Committees. It is acknowledged that the new governance structure is still bedding in, however the terms of reference of the new committees and how they are working in practice should be reviewed to avoid any duplication. This would ensure that the best use is made of members' time.



61. There have been instances where key reports have been presented as appendices rather than stand alone agenda items. The management subcommittee is a particular example of this. Significant papers including the police authority office budget and details of the chief constable's performance related pay scheme were included as annexes to the management subcommittee update paper. There is a risk that the inclusion of these items as appendices means they are not sufficiently scrutinised by members.

# Appendix 1

## Progress in implementing improvement actions

Issue	Source	Reported position	Target completion	Progress
1. The Police Authority should work jointly with Strathclyde Police to develop a long term joint vision and delivery strategies focused on 2020 and beyond.	Chief executive's review 2010	Complete	February 2011	<b>Not implemented.</b> Little evidence that the authority has had active involvement in the development of a joint vision for policing.
2. Develop a shared vision for policing. Using the existing vision as a starting point, engage with the authority through the Strategic Planning and Performance Committee to review and thereafter restate a vision which reflects the views of the communities.	Schedule of tasks 2011	Ongoing	February 2012	<b>Not implemented.</b> As above.
3. Develop joint delivery strategies with the force with a clear view of supporting resource requirements and likely outcomes.	Chief executive's review 2010	Complete	February 2011	<b>Not implemented.</b> No evidence of joint strategies being developed. Force rejected proposal to develop a joint equality and diversity strategy.
4. Review and revise the Scheme of Functions Delegated to Officers and move forward with the Special Interest Area (SIA) Scheme.	Schedule of tasks 2011	Ongoing	January 2012	<b>Partially implemented.</b> Review of authority's scheme of delegated authority still to be completed.

Issue	Source	Reported position	Target completion	Progress
Set out and distribute information on the purpose and function of the Police Authority Office. Develop master document explaining function, role, and responsibilities to clarify matters for the force and general corporate use. Refine and promote to partners, stakeholders, and the community.				<p>Special interest area scheme rolled out but member involvement in scheme has been limited.</p> <p>Purpose and function of authority office outlined in induction pack for new members but has not been promoted to all stakeholders.</p>
5. The Audit and Risk Committee to become more risk focused and led. The Corporate Risk Register to be jointly owned by the Police Authority and Force and be developed both to support operational delivery and with a view to focusing the authority scrutiny functions and commissioning of specific reviews.	Chief executive's review 2010	Complete	February 2011	<b>Implemented.</b> Terms of reference for Audit, Governance and Risk Committee adjusted to reflect a greater focus on risk. Strathclyde Police's corporate risk register considered at meetings of the Audit, Governance and Risk Committee.
6. That the Police Authority Full Committee remains as currently constituted.	Chief executive's review 2010	Complete	February 2011	<b>Implemented.</b> The current composition of 34 members has been retained.
7. That the Police Authority committees, subcommittees and working groups/Task and Finish Groups be changed and constituted as specified.	Chief executive's review 2010	Complete	April 2011	<b>Implemented.</b> New terms of reference agreed by authority in February 2011. Composition of new committees agreed in April 2011.
8. Review the current systems and processes relating to approval of minutes; delegations of	Chief executive's	Ongoing	August 2011	<b>Partially implemented.</b> Authority's scheme of delegated authority is in the process of

Issue	Source	Reported position	Target completion	Progress
authority; police authority budget and management controls; the role of committee pre-agenda meetings; and wider information sharing arrangements.	review 2010			being revised by the deputy chief executive. All other actions complete.
9. The authority should review the reports that it currently receives from the force in support of its scrutiny function. It should also seek to commission specific reviews of police capabilities and areas of business delivery where it feels further scrutiny is warranted.	Chief executive's review 2010	Complete	April 2011	<b>Implemented.</b> Evidence that the authority's various committees have reviewed reports received and sought further information where required.
10. The force to provide the authority a report on effective partnership working and its community leadership activity.	Schedule of tasks 2011	Ongoing	December 2011	<b>Partially implemented.</b> Force report on effective partnership working and community leadership activity not prepared.
The force to provide the authority a report on all community consultation and engagement activities.				Local code of corporate governance agreed at February 2012 meeting of audit, governance and risk committee.
The Local Code of Corporate Governance to be agreed.				The terms of reference of the budget working group have not yet been reviewed.
Enhance the change management and longer term planning aspect of force reporting through the Budget Working Group and at full authority meetings. Police authority office to review the terms of reference of the Budget Working Group and make a formal proposal to the police authority for enhancements to cover reform and change matters.				

Issue	Source	Reported position	Target completion	Progress
11. Chief executive to negotiate and specify service level agreements and service standards with the appropriate corporate service providers.	Chief executive's review 2010	Complete	August 2011	<b>Implemented.</b> Service level agreement with Glasgow City Council agreed at August 2011 meeting of authority.
12. The treasury management function should continue to be procured as it is currently but the chief executive should set out a clear business requirement and specify service delivery in more detail.	Chief executive's review 2010	Complete	August 2011	<b>Implemented.</b> Treasury management function forms part of service level agreement with Glasgow City Council agreed by members at August 2011 meeting of authority.
13. Scrutiny of the force's community planning activity should be developed with SOAs requiring the approval of the board. Performance reports on the development of SOAs and progress being made by the force toward SOAs objectives are to be received by the authority.	Chief executive's review 2010	Complete	August 2011	<b>Partially implemented.</b> Approach to force engagement in development of SOAs reported to June 2011 Citizen and Community Engagement Committee. Agreed that reports on SOAs would be considered by the Strategic, Planning and Performance Committee but only North Lanarkshire and Inverclyde considered to date.
14. Consider and develop in tandem with the force, agreed improvements in strategic planning and performance. This will include SOA reporting.	Schedule of tasks 2011	Complete	August 2011	<b>Partially implemented.</b> As above.
15. Police engagement and reporting to members to be more properly formalised at the local level and a member special interest area scheme to be implemented.	Chief executive's review 2010	Complete	July 2011	<b>Partially implemented.</b> Member special interest area scheme and member representatives agreed by authority in February 2011 and April 2011 respectively. Member information seminar held in

Issue	Source	Reported position	Target completion	Progress
				September 2011. Member involvement in scheme has been limited.
16. Chief executive to further review Continuous Professional Development (CPD) and training requirements for members and staff, in tandem with the force and the Scottish Police Conveners Forum, with a view to generating a suitable training, development and education framework.	Chief executive's review 2010	Complete	June 2011	<b>Implemented.</b> Member training framework agreed at June 2011 authority meeting.
17. Develop a bespoke member training framework.  Develop a member-training plan to meet any immediate training requirements and member's CPD needs post May 12.  Review documentation specifying member roles and responsibilities and ratify, adjust and highlight as appropriate. Distribute to members and force.	Schedule of tasks 2011	Ongoing	February 2012	<b>Implemented.</b> Induction handbook distributed to members prior to June 2012 authority meeting.  Induction handbook contains details of member roles and responsibilities and has been distributed to the force via the chief constable's executive support liaison office.
18. Chief executive to further review the staff structure of the police authority with respect to supporting the further improvements in the effective operationalisation of the authority in fulfilling its statutory commitments.	Chief executive's review 2010	Ongoing	October 2011	<b>Not implemented.</b> Staff review and job evaluation to continue into summer. No deadline set for completion.
19. Authority office staff review and job evaluation.	Schedule of tasks 2011	Ongoing	March 2012	<b>Not implemented.</b> As above.
20. Chief executive to review the police authority	Chief	Complete	October	<b>Implemented.</b> Review of police authority

Issue	Source	Reported position	Target completion	Progress
budget and associated management systems and processes to improve financial management and probity; an appropriate efficiency and savings target should be established.	executive's review 2010		2011	budget complete. Authority office budget reported to August 2011 authority meeting and all subsequent meetings. Management subcommittee considers budget in more detail.
21. Police authority office budget to be fully baselined and reported on at the Management Committee meetings.  Develop an authority end-of-year report to the authority members highlighting progress and improvements. This will allow a determination of value added, best value and improvements.	Schedule of tasks 2011	Ongoing	March 2012	<b>Partially implemented.</b> Authority office budget baselined and reported at management subcommittee meetings.  Authority end of year report not yet prepared.
22. Police authority to participate in equalities and diversity work stream.  Member SIA scheme portfolio holder to be engaged in work.  Member equality, diversity and human rights training to be delivered for all members.  Human Resources Committee to receive an initial report on equality, diversity and human rights and bi-annually thereafter.	Schedule of tasks 2011	Ongoing	April 2012	<b>Partially implemented.</b> Authority's policy and performance officer and equality, diversity and human rights portfolio lead actively engaged with force in equality and diversity activity.  Member equality, diversity and human rights training still to be delivered.  HR Committee approved equality, diversity and dignity in employment policy in August 2011. Bi-annual reporting agreed.

Issue	Source	Reported position	Target completion	Progress
<p>23. Continue to implement the agreed improvements under the review of the authority. Report at full authority meetings as implementation progresses.</p> <p>Report completion of implementation of recommendations.</p>	Schedule of tasks 2011	Ongoing	February 2012	<p><b>Not implemented.</b> Last full update of progress against chief executive's recommendations was at August 2011 authority meeting.</p> <p>Report on completion of implementation of recommendations has not been prepared.</p>





**ACCOUNTS COMMISSION**

**MEETING 14 JUNE 2012**

**COVER NOTE BY SECRETARY AND BUSINESS MANAGER**

**BEST VALUE AUDIT AND INSPECTION OF FIFE CONSTABULARY AND POLICE  
AUTHORITY**

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**Purpose**

1. The purpose of this paper is to introduce the report of the Best Value audit and inspection of Fife Constabulary and Police Authority. The Commission is invited to consider the report and decide which of the options for action it wishes to take.

**The report**

2. This report is the seventh joint Best Value audit and inspection report to be produced by the Controller of Audit and Her Majesty's Inspector of Constabulary for Scotland (HMICS). The process has been influenced by the latest developments arising from the joint scrutiny planning process and BV2 development, and by the evaluation of the two pilot police Best Value audits.
3. Insofar as the report relates to the police authority, it is made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973 as amended by subsequent legislation, including the Local Government in Scotland Act 2003. The report is made by the Controller of Audit to the Commission. The report is also being sent to the Clerk of the Police Authority. The Clerk is required to supply a copy of the report to each member of the Authority and to make additional copies available for public inspection.
4. The Accounts Commission and HMICS each have statutory powers to audit and inspect BV in police authorities. The Commission is only able to take action in relation to the Best Value audit of the police authority. HMICS's judgements, relating solely to the police force and Chief Constable, are outside the Commission's remit. HMICS is directly accountable to Scottish Ministers.
5. The legislation provides that, on receipt of a Controller of Audit report, the Accounts 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.

**Consideration of the report**

6. The Controller of Audit and members of the audit team from Audit Scotland will be present at the Commission meeting to answer questions, along with Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland, and HMICS staff.
7. If the Commission considers that it requires further information to proceed with its consideration of the report, it may direct the Controller of Audit to carry out further

investigations. If the Commission is satisfied with the information which it has, it may wish to proceed to make findings unless members consider that a hearing is necessary.

8. The circumstances in which the Commission may wish to hold a hearing are likely to include:
  - where the Commission has serious concerns about the performance of a local authority as demonstrated in the audit report; or
  - where there is a strong difference of opinion between the Controller of Audit and the local authority.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make enforcement Directions requiring authorities to take such action as is specified in the Direction.
10. HMICS may also wish to add findings to the report in respect of the police force.

### **Media**

11. Once the report is sent to the authority it is effectively in the public domain and may attract media interest. As with council Best Value audits, it is not intended that any media comment should be made by the Commission until it has deliberated on the report. The approach to media presentation will be agreed between the Commission and HMICS in order to ensure that the joint report together with any findings agreed by the Commission have the maximum impact in promoting improvement in police services.

### **Conclusion**

12. The Commission is invited to:
  - consider the joint report by the Controller of Audit and HMICS on the Best Value audit and inspection of Fife Constabulary and Police Authority; and
  - decide how it wishes to proceed.

**Paul Reilly**  
**Secretary and Business Manager**  
**15 August 2012**

# **Fife Constabulary and Police Authority**

## **Best Value Audit and Inspection**



Prepared for the Accounts Commission and Scottish ministers  
August 2012

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Contents

<b>Commission findings .....</b>	<b>4</b>
<b>HM Inspector of Constabulary for Scotland findings .....</b>	<b>5</b>
<b>Introduction .....</b>	<b>6</b>
The tripartite arrangements and police authorities' leadership role .....	7
Police reform .....	8
<b>Summary .....</b>	<b>9</b>
Overall conclusions .....	9
<b>Part 1. Context.....</b>	<b>11</b>
The local context .....	11
Fife Police Authority .....	11
Fife Constabulary .....	12
<b>Part 2. Corporate assessment .....</b>	<b>14</b>
Vision and strategic direction .....	14
Governance and accountability .....	15
Community engagement .....	18
Partnership working and community leadership .....	21
Performance management and improvement.....	24
Use of resources .....	26
Equalities .....	30
Sustainability .....	32
<b>Part 3. Fife Police performance assessment.....</b>	<b>33</b>
Performance outcomes .....	33
<b>Part 4. Improvement recommendations .....</b>	<b>44</b>
<b>Appendix 1. Expectations of police authorities .....</b>	<b>46</b>

# Commission findings

Findings here

# HM Inspector of Constabulary for Scotland findings

Findings here



# Introduction

This joint report is made by the Controller of Audit to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973 and by Her Majesty's Inspector of Constabulary for Scotland (HMICS) under section 33 of the Police (Scotland) Act 1967.

The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. Its provisions apply to local authorities, including police authorities, and require specifically that:

- councils and police authorities secure best value (defined as achieving continuous improvement in the performance of functions)
- police authorities and chief constables participate in the community planning process.

The Act also amended the audit arrangements set out in the Local Government (Scotland) Act 1973 to cover Best Value and gave powers to the Accounts Commission to examine Best Value in police authorities. HMICS has a statutory duty under section 33 of the Police (Scotland) Act 1967 to inspect police forces and common police services, and to report to ministers on their state and efficiency. The 2003 Act extends this to include provision for HMICS to inquire into and report to Scottish ministers on whether a local authority is carrying out its functions both as a police authority and in relation to a number of matters including Best Value.

The 2003 Act is supported by more detailed statutory guidance on Best Value and Community Planning, and a series of advisory notes on specific topics such as elected member leadership. This guidance is designed to be descriptive rather than prescriptive, defining the goals that organisations should aim for but allowing them local discretion on the methods and routes they use. The Scottish Government has issued further guidance for police authorities and forces. This guidance includes *Justice Department Circular 11/2003 Best Value Guidance and the Guidance for Members of Police Authorities and Joint Authorities* (June 2007).

The scope of Best Value and Community Planning is broad and the guidance and statute indicate that a successful police authority will:

- work in tandem with the chief constable to develop a clear set of priorities that respond to the needs of the community in both the short and longer term
- be organised to support the delivery of these priorities
- meet, and clearly demonstrate that it is meeting, the community's needs
- operate in a way that drives continuous improvement in all its activities.

Similarly, a successful police force will:

- work with its partners and the police authority/police authorities to develop a clear set of priorities that respond to the needs of the community in both the short and longer term
- be organised to deliver these priorities
- meet, and clearly demonstrate that it is meeting, the community's needs

- operate in a way that drives continuous improvement in all its activities.

The key objectives of this joint audit and inspection were to:

- Assess the extent to which Fife Constabulary and the police authority, as discharged through the council's Police Fire and Safety Committee (PFSC), are meeting their duties under the Local Government in Scotland Act 2003 and complying with Scottish Government guidance.
- Agree planned improvements with the local authority, force and the PFSC, to be reviewed by external auditors and HMICS on an ongoing basis.

As Best Value and Community Planning encompass a wide variety of activities, it is not realistic to audit or inspect everything in depth. For this reason we planned our detailed work in two ways:

- We considered the force structure in detail to ensure the audit and inspection took account of the different contexts and policing demands.
- We selected certain aspects of the force's and authority's performance for detailed investigation. We used a wide range of sources, including the force and authority's own assessment of their performance, reports issued following external audit and inspections and the Scottish Policing Performance Framework (SPPF) to assess risks and scope our work to inform this selection.

Our joint report reflects this proportionate approach, with detailed commentary in some areas and more limited coverage in others. Our main audit and inspection work was conducted in March and April 2012. The report includes a corporate assessment of the authority and the force, while the performance assessment covers only the force.

We gratefully acknowledge the co-operation and assistance provided to the team by Councillor George Kay, Convener, Police, Fire & Safety Committee; Norma Graham, Chief Constable of Fife Constabulary; Ronnie Hinds, Chief Executive of Fife Council, and all other elected members, police officers and staff involved. We are also grateful to the community partners who participated in the audit and inspection.

References to post-holders in the authority and the force and to committee and other structures are to those in place at the time of the audit and inspection, in March and April 2012.

## **The tripartite arrangements and police authorities' leadership role**

The force is governed through a tripartite arrangement between the chief constable, the police authority, and Scottish ministers. As the force covers only one local authority area, the authority carries out most of its functions through a committee of the council. Scottish ministers have responsibility for national policy on law and order as well as the power to regulate on various policing matters including pay and conditions. The police authority is responsible for setting the police budget, holding the chief constable to account and ensuring that best value is achieved. The chief constable is responsible for the operational aspects of policing within the force area.

The effect of these arrangements is that the authority and the chief constable, although they have different roles, must work in tandem to achieve best value. In this report, we only make judgements

on the authority and force, but all parties to the arrangement, including the Scottish ministers, have responsibility for the overall performance of the police service.

The existing guidance for policing (*Circular 11/2003 and Guidance to Members*, June 2007), sets out expectations of the authority. More details can be found at Appendix 1 of this report.

More general information about the best value characteristics and a series of toolkits which organisations may find helpful in reviewing their approach to best value are available on Audit Scotland's website.

## Police reform

In June 2012 the Scottish Parliament passed the Police and Fire Reform (Scotland) Bill, which will create a single Police Service of Scotland (PSoS) and a single fire and rescue service. The bill abolishes the existing unitary police and fire authorities in Dumfries and Galloway and Fife and the six joint police and joint fire boards. It provides for the establishment of a new corporate body, the Scottish Police Authority (SPA). The national force will be established in April 2013.

Following the local government elections on 3 May 2012, the new Police Transition Committee (PTC) in Fife Council is responsible for overseeing the force through the transition to the PSoS.

# Summary

## Overall conclusions

1. Fife Council discharges most of its police authority responsibilities through its Police, Fire and Safety Committee (PFSC). The PFSC and Fife Constabulary (the force) work well together and demonstrate strong commitment to the shared, overarching vision of 'taking policing closer to the community'. This strategy aims to make communities safer and stronger with less fear of crime and is being delivered through an effective community engagement model. This has ensured the vision and aims are well understood at all levels with a genuine pride in working for the force and doing the best for the people of Fife. Overall, the force is delivering a good level of service to communities in Fife, especially by reducing crime and antisocial behaviour and, most notably, by increasing detection rates where it outperforms most other Scottish police forces.
2. Following a period where there had been some difficulties in working relationships between the council and the force concerning governance, and in response to previous audit recommendations, an accountability framework was agreed in 2010 between the police authority and the chief constable. This clarified and confirmed respective responsibilities and supported improvements in the way business is conducted, including budget setting. It is important that this progress is maintained in the new council structures following the local government elections and in the transition to the Police Service of Scotland (PSoS).
3. The PFSC demonstrates a good understanding of issues affecting local policing in Fife and members support the community policing approach in their local areas. However, the PFSC needs to take a more strategic view of the force's activity, its oversight of community safety and the overall impact and effectiveness of the community policing model.
4. The PFSC receives good information on force performance but needs to be more proactive by specifying what further context and analysis it requires to scrutinise performance in more detail. The PFSC also needs to provide direction as to the cost and performance information it requires to assess value for money and to do more to direct and monitor the force's continuous improvement activities. The PFSC provides limited oversight of the force's progress with equal opportunities and sustainability.
5. The force has worked closely with the PFSC to develop members' awareness of policing and issues affecting Fife. The PFSC and the force need to build on this and develop existing reporting arrangements, to facilitate more in-depth scrutiny of force performance and its progress against the best value characteristics and to enable the PFSC to consider value for money.
6. The force is performing well and demonstrates many of the elements of best value. The force executive's long-term strategy in support of its vision of taking policing closer to the community is being delivered through the force community engagement model. The model is producing real benefits, with good examples of the force using different means of trying to reach out to

all communities. There are some additional aspects of the internal communication of local priorities that could be improved upon.

7. The community policing structure is also very effective. The seven local chief inspectors under one divisional command structure has engendered a 'competitive but supportive' approach to managing performance. Partnership arrangements at a strategic and operational level are working well with many examples of effective practice. The youth offender management group and the overall approach to management of young offenders is good practice that has had positive impact. Overall crime rates continue to fall and detection rates are rising. However, the force should continue its work to improve performance relating to the submission of cases to the Procurator Fiscal, as well as taking further steps to reduce the occurrence of domestic abuse and hate crime where improvements in reporting and recording provide a platform from which to make progress.
8. The governance and project planning arrangements for the force efficiencies programme are exemplary. The use of process re-engineering along with the involvement throughout the process of the convener has delivered a successful change programme that has maintained police numbers and delivered savings in the police budget. The fact that this is now being used to take the force through to the PSoS demonstrates a strong commitment to reform while at the same time avoiding any negative impact on ongoing policing services.
9. The audit and inspection team has taken into account that the Scottish police service is going through a period of major change following the Scottish Parliament's decision to create the PSoS in April 2013. We recognise that this is a significant challenge for the force in terms of maintaining service delivery, while at the same time preparing for re-structuring. However, it is important that the PFSC focuses its challenge and scrutiny to ensure that police services remain effective, make the best use of the resources allocated to them and are accountable to local communities.

# Part 1. Context

## The local context

10. Fife is a unitary police service, which means that it shares its boundaries with one local authority, Fife Council (the council). The council and Fife Constabulary (the force) are also aligned to a single Community Planning Partnership (CPP) and share common borders with the fire and rescue service and NHS partners.
11. Fife covers 1,325 sq. km between the Forth and Tay estuaries. The population of around 367,370 predominantly reside in a number of large towns including Glenrothes, Dunfermline, Kirkcaldy, Lochgelly and Methil. Fife also has rural areas, particularly in North East Fife.
12. Fife's communities range from those of relative affluence, such as St Andrews and its surrounds, to some areas of significant deprivation. While the area overall has just over five per cent of the most deprived areas in Scotland approximately one in five areas in Fife is classed as deprived. It also has a rising population, with increases in the number of children and older people predicted to exceed national trends. The changing demographics of the area will change the demands on services, including policing.

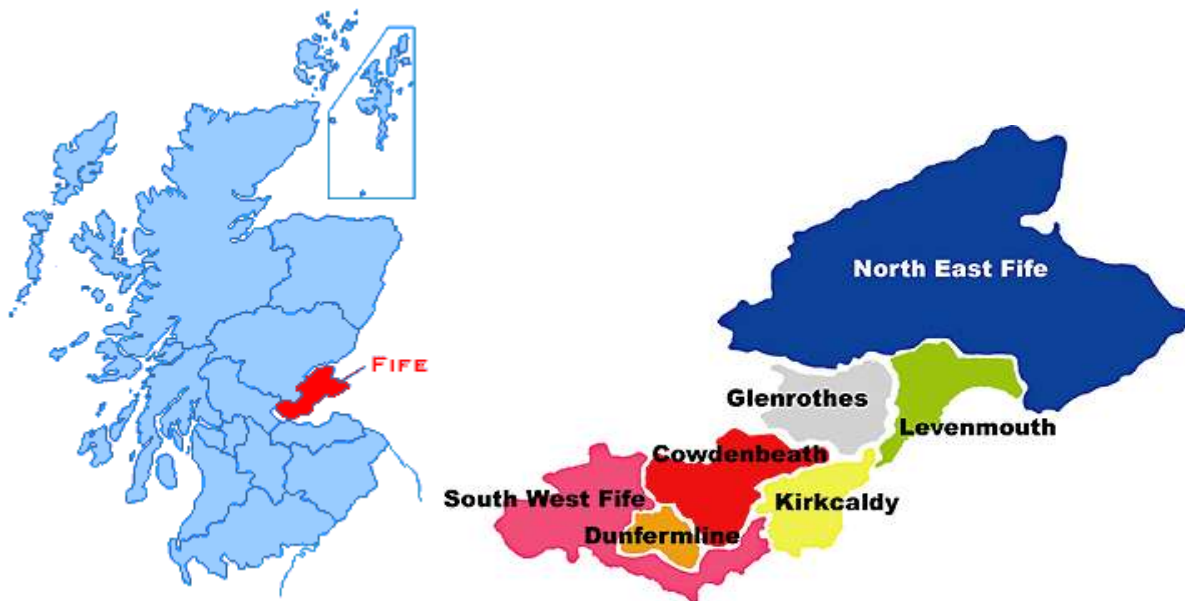
## Fife Police Authority

13. Fife Council is a unitary police authority; Dumfries and Galloway Council is the only other local authority in a similar position. All other authorities in Scotland have joint board arrangements with neighbouring authorities.
14. Fife's police authority functions are delegated in most part to its Police, Fire and Safety Committee (PFSC) which is responsible for police and fire and rescue services as well as environmental safety. The council as police authority retains responsibility for specific matters including the approval of the police budget. The appointment of the chief constable, the deputy chief constable and the assistant chief constable falls within the remit of the Appointments Subcommittee of the Council's Policy, Finance and Asset Management Committee. The PFSC has 15 elected members and one non-voting member nominated by NHS Fife, and meets every six weeks.
15. The PFSC has a number of police related subcommittees. These are the Police Complaints and Discipline Subcommittee; Police Pensions Subcommittee; Chief Police Officers Remuneration Subcommittee; and Senior Police Officers Conduct Subcommittee. In 2009 a Police, Fire and Safety Committee Scrutiny Group was set up to make more time for scrutiny of service performance.
16. Revenue expenditure in 2011/12 was £61.4 million, £2.5 million less than budget, and the capital budget was £2.2 million. The police service core funding is 51 per cent by grant funding provided by Scottish Government and 49 per cent by Fife Council, with additional funding provided at the discretion of the police authority.

17. Fife Council has seven Area Committees. Force representatives support these committees through regular attendance at meetings. The Area Committees serve the following areas:
- Dunfermline
  - Cowdenbeath
  - Glenrothes
  - Kirkcaldy
  - Levenmouth
  - North East Fife
  - South West Fife.
18. Following the local elections in May 2012, Fife Council has a new political administration. Under the new administration, policing responsibilities of the PFSC transferred to the Police Transition Committee (PTC) which will oversee police services until March 2013 and the move to the Police Service of Scotland (PSoS). The new committee is made up of 15 elected members. A new convener and vice-convenor have been appointed to the PTC and the council is taking steps to ensure that consequential amendments are made to governance documents to reflect the new arrangements.

## Fife Constabulary

19. The force is led by the chief constable, supported by a senior management team which is made up of the deputy chief constable (DCC), an assistant chief constable (ACC), the head of finance, head of human resources and the head of media and communications. The chief constable has overall responsibility and is accountable to the PFSC for the effective and efficient policing by Fife Constabulary.
20. As part of its efficiencies programme, Fife Constabulary has recently moved from a three division structure to two. These are responsible for the delivery of and support to policing services, namely Communities Policing Division and Corporate and Specialist Services Division. As at March 2012, the force had 1,104 police officers, 109 special constables and 421 members of police staff.
21. The Communities Policing Division has responsibility for all first response and local community policing within the force area. The force took the forward looking and innovative step of aligning local policing areas to the seven Fife Council local areas. Overseen by chief inspectors this restructuring saw relationships develop with Fife Council local area services managers. It is designed to maximise resource allocation and working practices under Local Area Community Safety Co-ordinating Groups and to increase service delivery capacity among partners. (Exhibit 1).

**Exhibit 1****Map of Fife and community policing areas**

*Source: Fife Constabulary*



# Part 2. Corporate assessment

## Vision and strategic direction

### Fife Police Authority

The PFSC actively engages with the force to develop the vision and strategy for policing in Fife and demonstrates strong commitment to community policing. The PFSC endorses the strategic plan but needs to make its contribution to setting the strategy more visible to the public.

- 22. The force's strategic plan 2011/15 sets out a clear vision based on 'taking policing closer to the community'. The strategic priorities which support this vision were developed in consultation with the public, other elected members and partners in both the public and private sectors. The strategic plan informs the annual policing plan which sets out the operational activities which contribute to the delivery of strategic priorities.
- 23. PFSC members actively engage in developing the force's strategic plan, mainly through their attendance at private briefing sessions and development conferences. While the PFSC endorses the plan at its public meetings, the underlying contribution which its members make in developing the strategy is less visible. As a result, evidence of the influence which the PFSC brings to bear on the force's strategic priorities based on elected members' deep understanding of the needs of local communities is limited.
- 24. In putting the strategy into effect, elected members from the PFSC participate in local events and discussions to promote the overarching vision of 'taking policing closer to the community'. Their involvement in local meetings, for example, helps demonstrate to local communities that the PFSC and the force work together to deliver the shared vision for policing in Fife.

### Fife Constabulary

The force has a clear vision and strategic direction, which is informed by communities, partner agencies and members of the PFSC. The force's vision of 'taking policing closer to the community' underpins all activity. The four strategic priorities outlined in the force strategic plan set out how the force aims to achieve its vision and support the Scottish Government's objectives to make Scotland wealthier and fairer, stronger and safer, greener, smarter, and healthier. The plan is widely communicated by the force leadership and is understood by staff, partners and the wider community.

- 25. The force shares a common vision with the PFSC of 'taking policing closer to the community'. The strategic plan 2011-15 sets out the force's strategic priorities of: tackling crime; being there for the community; creating safer communities and building on success. The policing plan 2011-15 (Exhibit 2) details the force's priorities for the delivery of the strategic objectives.

In March 2011, the force moved from an annual policing plan to a longer-term four-year plan with an annual refresh. The annual review is informed by widespread consultation with local communities and partner agencies and consideration of emerging national and local issues. The force has identified 12 policing plan priorities for 2012/13 in partnership with the PFSC. These cover both outward-facing operational priorities and internal business support priorities. All of the operational priorities are clearly articulated within the force control strategy and this helps to ensure that they are communicated clearly and consistently to staff.

## Exhibit 2

### Fife Constabulary Policing Plan



Source: Fife Constabulary

26. The format of the plan is deliberately short and simple to make it easier for all to understand and remember. We found that those charged with delivery demonstrated a clear focus and understanding of their mission in Fife. The force has made good use of marketing and communications techniques, such as a reproduction of the policing plan in a business card format for use by staff and the public to ensure that priorities are communicated effectively throughout the force area. This strengthens the understanding of strategic priorities at a local level and helps to ensure that the force directs operational activity and resources towards priority areas. The priorities are also clearly highlighted on the force's website and are easily accessible to members of the public.

## Governance and accountability

### Fife Police Authority

Following a period where there had been some difficulties in the working relationships between the council and the force, an accountability framework was agreed in 2010 which clarified and confirmed respective responsibilities and helped improve relationships. The PFSC needs to maintain and build on this in the transition to the new single police force. The PFSC also needs to be more proactive in scrutinising force performance.

27. Previous audits identified the need to clarify the governance arrangements and the responsibilities of the council as police authority, the PFSC and the force. Following some difficulties in working relationships between the council and the force relating principally to governance, the PFSC and the force worked together to develop a new governance framework for policing in Fife. After detailed discussions, revised arrangements were approved by the council in June 2010 and an accountability framework between the council as police authority and the chief constable was approved by the PFSC in September 2010.
28. The accountability framework clarifies and confirms the respective roles and responsibilities of the council, the PFSC and the chief constable. In particular, it sets out governance and scrutiny arrangements, including those relating to budgets and internal audit. The framework helped improve the way in which business is conducted and working relationships between the PFSC and the force are good. The convener of the PFSC, in particular, demonstrates a strong commitment to his role and a clear knowledge and understanding of strategic issues facing the force and the police service more widely in Scotland.
29. The steps taken have improved elected members' understanding of their role but, similar to other police authorities, uncertainties remain about the boundary between legitimate areas of interest of the police authority and the operational autonomy of the chief constable. Greater clarity, including practical examples, would improve elected members' confidence in their role, particularly in scrutinising force performance and holding the chief constable to account.
30. While the accountability framework has supported improvement, the PFSC needs to ensure it is meeting its delegated functions in full. For example, there was no evidence that the PFSC had contributed to the development of the internal audit programme on matters within the jurisdiction of the police authority (ie non-operational policing matters). There was also limited evidence of PFSC members determining the topics of reports from the chief constable in relation to particular policies and strategies.
31. The PFSC has a wide and varied remit and is responsible for police and fire and rescue services as well as public protection, which includes a range of functions such as consumer and public safety, public health and emergency planning and civil defence. This means that its members benefit from a broad understanding of the context for services and community safety overall. However, Fife Council should consider whether the current structure is best suited to securing best value and ensuring continuous improvement across the range of the PFSC's responsibilities, taking account of the imminent national changes in police and fire and rescue services.
32. Administrative support for the PFSC works well and contributes to good governance. However, the PFSC has no additional support and would benefit from independent, professional policy advice and analysis. This would help elected members deal with the volume and variety of the issues it is required to consider and would support more focussed and challenging scrutiny of force performance.
33. In recognition of the time constraints associated with its wide remit, the PFSC established a separate scrutiny group which is chaired by the PFSC convener and comprises all members

of the PFSC. While private sessions are required to consider sensitive matters and minutes of the scrutiny group are presented to the main committee which is held in public, the PFSC needs to assess whether all items considered by the scrutiny group need to be in private. As matters stand, a significant part of the PFSC's activity in scrutinising force performance and holding the chief constable to account takes place in a forum which is not always visible or open to the public.

- 34. The Complaints Subcommittee provides oversight of complaints and allegations about the conduct of police officers. It meets regularly and reviews a number of randomly selected closed complaint files. This allows members to gain a good level of assurance about the rigour and effectiveness of the force's complaint handling.
- 35. Briefing sessions are well attended and provide elected members with a detailed understanding of policing issues and improve their awareness on wider issues eg the workings of the criminal justice system. While the PFSC has been pro-active in identifying its training needs, the overall approach needs to be more systematic and structured, particularly in the post-election period. Elected members who are asked to oversee the police service will need to get up to speed quickly so they are fully equipped to perform their police authority duties during the transition to the PSoS.

## Fife Constabulary

**The force governance structure provides effective scrutiny and oversight of force activity. Performance reporting, change and risk management are embedded and incorporated into the corporate planning process. The force provides regular performance updates and additional briefing and training on operational matters to the PFSC. Performance reports are made available to the public via the force website.**

- 36. Governance arrangements have developed over the last 12 months following the efficiencies and reform programmes. The six weekly Force Policy and Performance Group (FPPG) is now the force's main decision-making and accountability body. The group comprises the force chief officer team and senior leaders and considers a wide range of force activity including overall performance, organisational change and budget monitoring. Senior officers are given strategic and tactical responsibility for priority theme areas. Seven community chief inspectors have responsibility for delivering operational performance in their areas. This strengthens ownership and understanding of priorities throughout the force.
- 37. The force's two divisions, the Communities Policing Division and the Corporate and Specialist Services Division, are each led by a chief superintendent. They are responsible for the delivery of and support to policing services. The Communities Policing Division has responsibility for all first response and local community policing within the force area and is sub-divided into seven local areas aligned with the local committee areas and each headed by a chief inspector.
- 38. The force has an effective approach to risk management and the strategic risk register describes all risks identified, risk owners and control measures. This is refreshed annually and is monitored throughout the year to ensure that it is fit for purpose. During 2011 a high level

audit of the force risk management process by Fife Council Audit Services concluded that Fife Constabulary was 'risk managed' and takes an enterprising approach to risk management, which is developed and communicated effectively.

39. Governance is supported through business and continuous improvement plans, which enable the force to monitor progress against all activity. These are overseen by the deputy chief constable and coordinated and managed by the continuous improvement unit. While the force has reported on risk management to the PFSC it does not routinely provide updates on continuous improvement. It would be mutually beneficial and assist the scrutiny process if the PFSC was provided with more information on the continuous improvement plan.
40. The force has an effective approach to complaints recording. In August 2011 an audit of Fife Constabulary's complaints recording processes by the police complaints commissioner for Scotland assessed the force as 'full assurance', the force having a 'sound system of control designed to achieve the system objectives'<sup>1</sup>. This is the highest level of assessment and was given because the force's initial recording of complaints about the police was considered to be robust.
41. The force looks carefully at complaints data using analysts to look for trends involving individuals, teams and areas of the force. The force has recognised recent rises in quality of service complaints, but no discernable issues were identified, although in some cases a number of heads of complaint were emanating from single incidents. That said, analysis has helped the force to identify weak supervision and management and the learning is made available to support improvement.
42. Force performance data is available to members of the public on the force's website <http://www.fife.police.uk> where force-wide and divisional quarterly performance monitoring reports appear in their entirety. Performance is covered in more detail in Part 3 of this report. The force has some force executive meeting minutes published on its website, although none have been added since February 2011. The force could improve its commitment to openness and accountability by publishing force performance and policy group minutes in a timely manner.

## Community engagement

### Fife Police Authority

Members of the PFSC demonstrate a good understanding of the issues affecting their local communities and actively support the force's approach to community engagement. However, the PFSC needs to take a more strategic oversight of community engagement across the force.

43. Members of the PFSC are strongly committed to the force's community engagement model and regularly attend local community engagement meetings arranged by the force. PFSC members are also involved in other community-based work including community councils.

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<sup>1</sup> Police Complaints Commissioner for Scotland, (2011), Complaints Recording Audit – Fife Constabulary

These activities help build strong working relationships between elected members, chief inspectors and community police officers at local level. As a result, elected members have a deep awareness and understanding of their local communities' policing priorities and needs. They are also well placed to contribute to the overall strategy for policing and wider work designed to improve community safety across Fife.

44. Area Community Safety Co-ordinating Groups report to the Fife-wide Community Safety Partnership (CSP) and to the council's seven area committees. The area committees operate differently to suit local circumstances and there is some variation in the content and frequency of the local policing performance reports they receive eg some area committees receive police performance reports at every meeting and others receive them annually. As a result, some elected members will have a better insight into the local policing challenges and communities' needs than others.
45. While the PFSC contributes to the vision for policing in Fife and actively supports its implementation, it needs to provide more oversight of the overall effectiveness of the community policing model. The progress, key challenges and improvement areas identified in the seven local area community safety coordinating groups are reported to Fife's CSP, but the PFSC also needs this information to assess the overall impact and effectiveness of the community policing model.
46. The PFSC has identified that it needs to do more to identify and disseminate good practice arising from the application of the community engagement model so that it is available for consideration and use across all the communities it serves.

## Fife Constabulary

**The force's vision is based on developing a style of policing that addresses the needs of its different communities. The community engagement model has sought to involve all communities in identifying and addressing local priorities. To achieve its vision the force has evaluated and developed a range of approaches to address the barriers to public participation in community engagement activity. There is clear involvement of staff, partners and PFSC members in community engagement and the approach as a whole is working well.**

47. The force vision of 'taking policing closer to the community' articulates a clear commitment to engaging with communities with a view to allowing direct influence on local policing. The community engagement model gives members of the public the opportunity to become involved in local policing issues. Community policing teams are now deployed in 64 identified 'beat' areas throughout Fife. In each of these areas the officers hold bimonthly community consultation meetings and, in partnership with the local people, identify their top three local priorities (Exhibit 3). The community engagement meetings are at the heart of community policing in Fife and are well publicised on the force website. Updates on the action taken by the police to address community priorities are added to the website to inform the public of the force's response.



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## Exhibit 3

### Promoting community engagement

During the audit and inspection we took the opportunity to attend a community meeting. While not well attended it was obvious that those present had consulted with other community members about local priorities beforehand and were able to provide constructive feedback to the officers present. Those that were present voiced strong support for the process. Overall we found evidence of a growing strength of support across Fife for this model, with comments arguing that it gives the community a voice in identifying policing priorities and holds the police to account if they are not delivering. This is a view echoed by recent independent research by the Scottish Institute for Policing Research (SIPR)<sup>2 3</sup>.

We commend the approach to community engagement in Fife to the national reform team as a good example of effective practice that is worthy of consideration in the development of local policing arrangements for the PSoS.

*Source: HMICS*

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48. The force continues to develop this approach and is determined to engage with all communities (Exhibit 4). Having recognised that attendance is often low at meetings the force has adopted a number of measures to broaden engagement including promoting meetings in different venues eg supermarkets, DIY stores, schools and credit union offices; direct contact with over 450 different minority communities and wider use of social media. This innovative approach to broaden engagement is considered to be an example of good practice. Between December 2011 and April 2012, the force increased its Facebook following from around 2,600 to nearly 4,000 and twitter followers from 1,700 to 2,600.
- 

## Exhibit 4

### Police in the community programme

Further evidence of the force's commitment to taking policing closer to the community is found in the force's police in the community programme. This is a community based initiative aimed at increasing public awareness and increasing confidence in the organisation's ability to deliver policing services. It is held in the format of a training course for members of the community with a series of lectures and events over a six week period. The first course was held in 2009, since that date there have been six courses held with over 150 participants aged between 16 and 84 from all sections of Fife's communities. The course delivers an overview of the force's policing plan priorities and issues facing policing. It also includes case studies and gets students to work together to look at solutions to problems in the community. Feedback from participants indicates that this was

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<sup>2</sup> Hunter J, Fyfe NR and Brown DM, (2011), Police Officers' Perceptions of the Operation and Impact of the Community Engagement Model in Fife. Dundee: Scottish Institute for Policing Research.

<sup>3</sup> Hunter, J, Fyfe, NR, (2011) Community Perceptions of the Operation and Impact of the Community Engagement Model in Fife, Dundee: Scottish Institute for Policing Research

worthwhile and of great benefit to them. A number of participants went on to become special constables or full time officers.

*Source: HMICS*

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49. During interviews with frontline staff in focus groups we found a good understanding of force priorities and of the community engagement model. However, there was little evidence of coordinated communication of community priorities. We found that staff knew that community priorities were listed on the force website but there was no process to ensure that operational officers and contact centre staff were actively involved in addressing local community priorities. This presents missed opportunities for police resources to assist in addressing priorities. During this inspection we took the opportunity to attend a shift briefing, observe the layout of muster rooms, speak to officers and observe the shift briefing system. It was evident that community priorities are not routinely communicated or tasks allocated to address issues. The force's briefing system is a good means of informing officers of current intelligence and contains a means of tasking that could be used to direct more resources to priority areas.
50. The force has highlighted the need to focus resources to address community priorities not only from an internal perspective, but also among partners. An enhanced community engagement model is to be trialled in the Levenmouth area. This aims to better align resources with community priorities and build capacity to help deliver Single Outcome Agreement (SOA) objectives. The trial will be subject to an independent review by the SIPR.

## Partnership working and community leadership

### Fife Police Authority

PFSC members have a good understanding of partnership working in Fife through their involvement in area committees and other council related activities. However, as a committee, the PFSC needs to develop its approach and better define its role in relation to police related partnership working.

51. Fife Partnership Board is the CPP for Fife and one of its main objectives is to make Fife's communities safer. This work is driven by the Fife CSP and progress is monitored through the Fife SOA. The SOA provides baseline performance information and a commitment to improvement under the headings; less crime and fear of crime; less antisocial and nuisance behaviour; less abuse of women and children; and fewer injuries and losses of life in homes and on the roads.
52. Elected members on the PFSC have a good understanding of partnership working arrangements from their involvement in the council's wider work, in area committees and in community engagement work in support of the policing strategy. However, they are less clear about how the PFSC links into the established partnership working arrangements and how it should oversee partnership activity involving the force and its contribution to community safety.



53. The Fife Partnership Board and its subgroups, including the CSP, are officer led. The PFSC acknowledges that it needs to ensure increasing emphasis on the force's wider community planning activity. The PFSC also needs to clarify its role in partnership working. Elected members who are also members of the PFSC attend CSP meetings, but there is some uncertainty over the capacity in which they attend and whether they have a responsibility to report back to the PFSC.
54. Clarity is also required as regards the role of the NHS Fife's director of public health, who sits on the PFSC as a non-voting member. His involvement supports and demonstrates close partnership working with the health board and adds value to discussions in the PFSC. However, there is no clear explanation as to what the PFSC expects from this arrangement, or what is expected from the individual in this role in terms of policing matters.

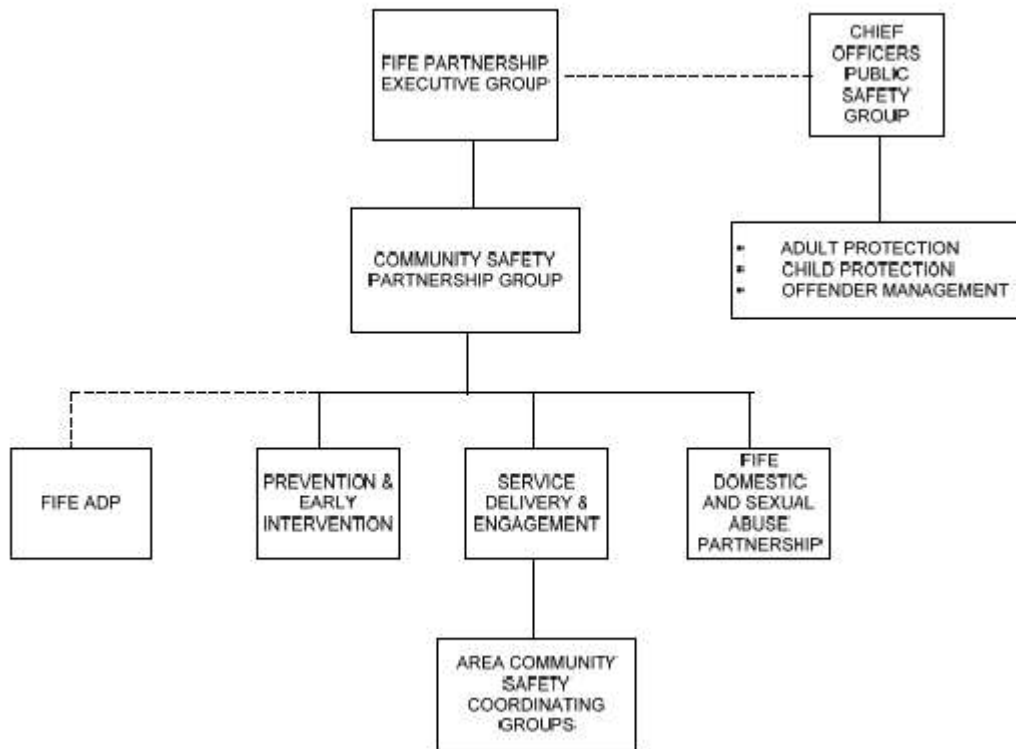
## Fife Constabulary

**The force maintains effective working relationships with partners and is achieving positive local outcomes through partnership working at both a strategic and local level. The ACC leads partnership activities as chair of the CSP; the partnership has a clear vision, objectives and measures to ensure effective collaboration.**

55. The Fife CSP is well established with a commitment to continuous improvement that has been successful in a number of key outcome areas, including reductions in crime and antisocial behaviour, meeting challenging road casualty targets and reductions in persistent youth offending. The partnership comprises a number of agencies bound by a local information sharing protocol committed to working together to achieve improved outcomes for the community. At a strategic level the force's partnership activity is led by the chief constable, who chairs the Fife Partnership Executive Group (FPEG) on a rotational basis and sits also on the Fife Partnership Board. The FPEG is a multi-agency group, which oversees the work of outcome theme lead officers and partnership groups responsible for coordinating the partnership's work. Fife's community plan and SOA are the focus of the group's work (Exhibit 5). Matters are brought to the attention of the PFSC through the Partnership Board eg community safety strategy and community planning developments.

## Exhibit 5

## Fife Constabulary Partnership Working structure



Source: Fife Constabulary

56. The ACC leads community safety activities as chair of the CSP which reports to the FPEG. The partnership completed its first joint strategic assessment in 2011. This identified priority areas and informed the revised community safety strategy 2011-2015 and informed the recent review of the CSP structure, which saw the number of main constituent groups reduced to two: Prevention & Early Intervention and Service Delivery & Engagement.
57. Production of the joint strategic assessment and subsequent strategy has involved wide consultation with community and partners and has involved elected members. The strategy sets out how partnership resources aim to work together to achieve community safety outcomes. Partnership arrangements in Fife are working well at the strategic level.
58. There are strong connections between partnership working at a strategic level and partnership working in local areas. At a local level partnership activity is delivered by Local Area Community Safety Coordinating Groups. These are currently chaired by the area chief inspector, although it is intended that this will be shared among other partner members in the future. The coordinating groups report into the Service Delivery & Engagement Task Group. In practice this means that the high level outcomes are communicated and local groups have discretion as to how these are delivered. We found many positive examples of partnership activity involving both the CSP and the community, including:

- The 'Equally Well' project in Kirkcaldy that tackles antisocial behaviour and underage drinking.
  - The safe transport scheme, providing safe transportation across Fife.
  - The multi-agency risk assessment conference (MARAC) approach to domestic violence, providing support and preventive measures to victims and holding perpetrators to account.
  - Community Speed Watch involving local residents in speed reduction activity.
  - Youth Offender Management Group that has reduced significantly the number of young people entering the criminal justice system.
59. Local area committees, on which all members of the PFSC sit, provide an element of scrutiny and accountability for partnership activity. Each of the seven policing area chief inspectors report on activity and performance, although the style and frequency of reporting varies according to the requirements of the local committee. A Local Community Safety Fund provides grant funding towards local projects to reduce crime and antisocial behaviour, and provides reassurance to the community, with over 50 projects having benefited during 2010/11.

## Performance management and improvement

### Fife Police Authority

The PFSC receives force performance reports, but needs to be more proactive in directing the information and analysis it requires to support stronger scrutiny of force performance and value for money. The PFSC also needs to do more to monitor the force's continuous improvement activity and to demonstrate how the police authority is meeting its best value responsibilities.

60. The force provides quarterly performance reports to the PFSC. The reports are structured around the priorities in the policing plan and include a wide range of SPPF and other performance measures. However, performance reports tend to be data heavy and would benefit from more contextual and comparative information, such as:
- the reasons for changes in performance and progress towards targets, particularly in priority areas such as domestic abuse
  - comparisons across the policing areas in Fife, including in relation to customer satisfaction, and with other police forces.
61. As with other police services and local authority services generally, information on the cost of the police services in Fife is limited. Elected members need robust cost and performance information to help them assess value for money<sup>4</sup>.

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<sup>4</sup> Guidance on this topic is available in 'How councils work: an improvement series for councillors and officers - Using cost information to improve performance: are you getting it right?', Accounts Commission, May 2012.

- 62. Members of the PFSC acknowledge that they need to provide more direction to the force in terms of the performance information the committee needs and the areas it wishes to review to fulfil its scrutiny role more effectively. Overall, the PFSC recognises that it needs to be more proactive and intends to identify areas for scrutiny based on its consideration of improved Police Objective Analysis information on force priorities, performance and efficiency.
- 63. The PFSC does not provide sufficient direction or oversight of the force's improvement activities. The accountability framework states that the PFSC has an obligation to ensure continuous improvement in the performance of the force but there is limited evidence of activity, other than the PFSC's oversight of the force's efficiencies programme. The force has recently established the Continuous Improvement Unit which is working to develop the comparative data available to PFSC members to improve scrutiny of force performance. The unit will also provide a focus for the PFSC to request reports which would allow it systematically to scrutinise the force's improvement work.
- 64. There is also limited evidence to show how the PFSC prioritises improvements in its own performance. The PFSC identified areas that it wishes to develop in its joint submission to the audit and inspection team and acknowledged the need to focus its activities in the transition to the PSoS.

## Fife Constabulary

The force's performance reporting arrangements are well structured. There is effective performance management at all levels throughout the organisation that links clearly to force priorities and has achieved results in terms of reduced crime, improved detection rates and efficient services. Individual leaders have clear responsibility for driving performance and performance information is being used to drive continuous improvement. Performance reports focus on policing priorities but tend to be data heavy. They would support scrutiny and public performance reporting more effectively if they included more contextual information explaining the activity behind the performance data.

- 65. The force has a robust approach to performance management, which is well embedded within a defined governance structure. Performance is a standing agenda item at force level six weekly Force Policy & Performance Group, Monthly Tactical Tasking and Coordinating Group (TTCG) and divisional weekly meetings. Each meeting considers performance against force targets and priorities and ongoing initiatives.
- 66. At a local level, each of the seven chief inspectors is responsible for delivering performance in their respective areas. During the inspection we noted a strong sense of 'supportive competitiveness' between the respective areas with each eager to outperform the other while also keen to share good practice and be mutually supportive of each other. This arrangement has undoubtedly contributed to the success of the community policing model in Fife. Each chief inspector holds a daily management meeting attended by community, response and CID supervisors. The previous day's incidents and crimes are reviewed to identify trends or gaps in service delivery. Any remedial action or tasking is monitored via the force briefing system, which provides an easy means of ensuring tasks are completed satisfactorily. The daily area

meetings feed into a daily divisional meeting that assists in identifying force trends and resource issues. This then feeds into the formal force performance framework.

- 67. To support the force's approach comprehensive monthly performance reports are produced, these are structured around the four 'pillars' of the force policing plan with clear links to national indicators identified within the SPPF. The force annual report 2011/12<sup>5</sup> sets out the force's achievements against the four pillars of the policing plan in terms of performance data and summaries of key activity that contributed toward the performance outcomes.
- 68. Performance reports contain a comprehensive range of indicators, but tend to be data orientated. The force recognises that reports could be improved to assist in meaningful scrutiny and the continuous improvement process. The force continuous improvement plan has activity aimed at achieving a transparent, accurate and relevant performance reporting framework. This should include more contextual information on exceptions; comparative data with other forces or organisations, where current data permits, and information on the cost of activity.

## Use of resources

### Fife Police Authority

**The council, the PFSC and the force work together in setting the force budget and in monitoring police finances. The PFSC has good arrangements for overseeing force finances, but its scrutiny of other aspects of the force's strategic resource management is under-developed.**

- 69. At the start of the budget process the council's executive director (finance and resources) identifies the anticipated resources against which budgets are to be developed. The force prepares a needs based budget and engages with the PFSC convener to outline its plans. Discussions then take place between the force and council's finance staff, before a joint report by the chief constable and executive director (finance and resources) is submitted to the PFSC who recommend it to the council for approval.
- 70. While the convener is involved from an early stage and PFSC members attend a private briefing session arranged by the force, there is limited evidence of scrutiny and challenge prior to the PFSC recommending the budget to the full council. The PFSC needs better knowledge and understanding of the budget to enable stronger scrutiny and challenge, at the budget setting process and when it considers budget monitoring reports during the year.
- 71. To ensure tight control over the budget and to avoid any misunderstandings between the force and the council about the force's financial position, budgets and spending are monitored closely.
- 72. Provisional out-turn figures for 2011/12 reported to the council's Executive Committee in June 2012 show an underspend of £2.5 million which the council approved for the carry-forward to

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<sup>5</sup> [Chief Constable's Annual Report - Fife Constabulary 2011 - 2012](#)

2012/13. The council's annual accounts, however, do not show a separately identifiable reserve or ring-fenced amount relating to police. With the move to a single Scottish police authority from April 2013, current indications are that any revenue balances attributable to police authorities will be split between the new national police authority and the local authority. The council and force should work closely to ensure that arrangements are in place to identify and allocate revenue balances which may be available at 31 March 2013 in accordance with the guidance.

- 73. The convener is a member of the force's Efficiencies Programme Oversight Group, and through this he is well informed about the action taken by the force to work within tighter budgets and the savings which the force has achieved. The PFSC recognises that it needs to take steps to strengthen its involvement and the new and extended Efficiencies and Reform Programme provides an opportunity for the PFSC to engage more in monitoring the force's improvement activity.
- 74. The PFSC was involved in recent developments of the police estate including consultation exercises about the relocation of facilities in Cowdenbeath and St Andrews. This helped allay community concerns on these changes. However, the PFSC has not been involved in the oversight of the police estate more widely. This is an area for improvement, particularly at a time when the transfer of estate will be critical in the move to the PSoS.
- 75. The PFSC receives routine performance information on officer and staff numbers, sickness absence and time invested in training activity. It also scrutinised and challenged the force's proposals for reducing staff numbers. However, there is limited evidence of any strategic oversight of force human resource matters. The PFSC does not call for reports on workforce related matters and the force supplies only limited data and information.

## Fife Constabulary

**The force has sound financial controls in place and has achieved significant savings through its efficiencies programme. The force actively manages its workforce through a comprehensive HR strategy that has clear links to the force policing plan. The force works closely with Fife Council, which as the police authority holds the title deeds for land and buildings, in maintaining a register of assets.**

## Managing finances

- 76. The force budget reports show an approved revenue funding position agreed by the police authority in February 2012 for 2012/13 of £59.7 million. The force outturn for 2011/12 was £61.4 million with an underspend of £2.5 million which is equivalent to 3.9 per cent on controllable budgeted expenditure of £63.9 million. The force intends to carry forward this underspend into the 2012/13 financial year to offset an anticipated budget gap. The capital funding approved by the Police Authority for 2011/12 including the underspend brought forward from 2010/11 was £1.8 million. In addition capital receipts of £0.3 million brought the approved total capital budget to £2.2 million. The actual outturn was £2.1 million showing an

underspend of £0.1 million. It is anticipated that base police capital funding will remain at £1.3 million for 2012/13, augmented by the carry forward of £0.1 million.

77. The force has strong financial controls in place and sound processes for setting and monitoring budgets. Four weekly monitoring reports are produced and considered by the Force Budget & Resource Management Group (BRMG), which is chaired by the deputy chief constable and comprises senior leaders and the Force Finance Focus Group, which is made up of finance practitioners. Reports are also provided on a regular basis to the PFSC and to Fife Council for information purposes.
78. The force has taken a forthright approach to achieving savings through its efficiencies programme, which commenced in 2010 in anticipation of future financial constraints. A number of potential cuts to funding were modelled taking account of the requirement to maintain the Scottish Government national police officer numbers target of 1,104 officers within Fife Constabulary. The force has remodelled a number of processes resulting in the loss of a number of police staff posts all of which were secured through voluntary early retirements and voluntary redundancies. At the same time the force has freed up officer posts in support functions and returned them to frontline duties. The programme identified a number of efficiency savings with a mandate to save £2.2 million, but actually achieved overall savings of £2.8 million. The force intends to conduct a review of the programme to ensure that the efficiencies have been realised.
79. The programme has not been without some pain particularly for those members of staff whose posts were deleted. However, we found that the force had invested significant time and effort in ensuring the process was managed effectively, keeping affected staff informed of developments and ensuring the PFSC was represented throughout by the convener as a member of the Force Efficiencies Programme Oversight Group. This approach is to continue during 2012/13 in the transition to the PSoS.
80. The force has strong budgetary control but, in common with forces across Scotland, has a less developed understanding of the costs of specific policing activities. The force uses Police Objective Analysis to cost annual budgets, but does not use the information as a management tool. This makes it difficult to evaluate the relationship between the resources invested and the outcomes achieved by that investment. For example, a fuller analysis of the costs of introducing the community engagement model could have been used to identify the total cost for the outcomes achieved. Such information would also be of benefit to the PFSC as a means of demonstrating value for money.

## Managing people

81. The force actively manages its workforce through a comprehensive HR strategy that has clear links to the force policing plan and recognises people as its most valuable asset. Delivery of the priorities arising from the HR strategy is managed through the HR action plan and through initiatives such as operation LASER (Exhibit 6). Staff are encouraged to contribute at all levels through a range of consultation bodies. The force intends to conduct staff surveys during 2012



to ascertain staff satisfaction levels in light of the ongoing Force Efficiencies Programme and police reform.

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## Exhibit 6

### Operation LASER

The force has developed an innovative approach to providing additional resources to tackle local priorities. Operation LASER was introduced by the Force in 2009; it makes good use of resources which normally work in non-operational posts by deploying teams of officers at periods of peak demand throughout the year. Individuals are deployed about six times per year as part of a team of 8 – 12 individuals to provide high profile, intelligence led targeting of the main community concerns in Fife. Those deployed are also required to make direct contact with previous callers to advise them that police operations are taking place to address their complaints. In addition to generic deployments, operation LASER has been used to support a number of target/crime specific days of action.

*Source: HMICS*

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### Managing assets and other resources

82. In Fife the council holds the title to police buildings and land. The force and council maintain registers of physical assets, buildings and vehicles. Regular cross checking takes place to ensure there is agreement on those assets. The force and the council are aware of the need to ensure all assets are identified for future transfer to the Scottish Police Authority, when it comes into being.
83. The force has committed to developing its estate to support its vision by providing a mix of facilities that are accessible, fit for purpose, efficient and flexible to meet future need. A high proportion of its accommodation is located at the force headquarters with concentrations elsewhere in a small number of larger buildings. Many of these buildings have poor performance in terms of energy consumption and their design has rendered them inflexible for future change. The force has taken a critical look at its estate and made improvements wherever possible. Most significant have been the development of shared facilities with partners such as at Cowdenbeath and St Andrews to reduce total cost and maximise accessibility.
84. We noted that members had been actively involved in the developments at Cowdenbeath and St Andrews and are assured that as future opportunities to develop the estate arise the force will submit recommendations to the PFSC for scrutiny.
85. The force ICT system has suffered from a lack of investment and upgrade in recent years. This has restricted progress in some areas, such as the use of video and audio streaming to promulgate key messages and on-line training to staff. The force has engaged with the Scottish Police Services Authority (SPSA) to address this issue and work is in progress to upgrade the system.



## Planning for the future

86. Like all public sector organisations, the force faces significant financial challenges and at the time of our audit and inspection, the force efficiencies programme, led by the chief constable, had ensured the force was in a strong position to deal with these challenges. We found that an effective governance and implementation structure had been put in place to deliver force efficiencies and that the structure has been retained and developed to include the police reform programme. This is of particular relevance given the chief constable's decision to retire in August 2012. These sound governance arrangements will provide the force with a proven foundation to manage change and ensure as smooth a transition as possible to the PSoS.

## Equalities

### Fife Police Authority

**The PFSC does not provide sufficient oversight of the force's progress with equality issues.**

87. The PFSC does not provide sufficient leadership or oversight of equalities. The PFSC is responsible for ensuring the policing needs of the different communities within Fife are being met and it also needs to ensure that the force complies with equal opportunity legislation as an employer. However, while quarterly performance reports include two performance indicators associated with racist incidents and crimes, the PFSC neither receives nor requests information about the force's overall approach to equalities. As a result the PFSC is not aware of progress against the force's equality and diversity strategy, other equality related policies or equality outcome information and is therefore unable to effectively scrutinise the force's approach to equalities.
88. The PFSC would benefit from having a better strategic oversight of how the force engages with, for example, hard to reach groups in communities. Members would also benefit from a fuller understanding of how the lay advisors scheme, which involves members of Fife's diverse communities acting as advisers to the force on equality issues, contributes to the force's approach to equalities in Fife.

### Fife Constabulary

**The force has a clear commitment to improving equality outcomes for its staff and the people of Fife, which is reflected in the Building on Success element of the Force Strategic Plan 2011/2015. The deputy chief constable leads on diversity and equality with senior leaders playing a key role in delivering improvements. The force considers the impact on equalities when developing strategy and policy. The force has a good understanding of its diverse communities and has developed services to meet their needs and ensures positive outcomes.**

89. The Fife Constabulary Equality and Diversity Strategy sets out the force equality and diversity ambitions for 2011-2014. To support the delivery of the strategy the force has developed robust governance arrangements that are now well established. Progress is monitored primarily through the Strategic Equality Board led by the deputy chief constable. Reporting to

this board is the Equality Delivery Group, responsible for the delivery of equalities outcomes. Supporting the activity of these groups is the Community Planning and Equalities Unit, which assists in the coordination of the equalities strategy and monitoring of performance.

90. The Lay Advisors' Group acts as critical friends assisting in improving the service provided by the force. The remit of the group is developing. Most recently the group has been given the opportunity to review issues arising from the investigation of hate crime. Lay advisors are sent a list of hate crimes to identify the ones they want to consider. The investigating officers are then invited to present to the group the issues that they faced in carrying out the investigation. Although in its infancy and not unique<sup>6</sup> to Fife involving lay advisors in this way is considered to be good practice.
91. The force has a range of systems and process in place to support the mainstreaming of equalities. In common with other forces, 'respect for diversity' is a core competency within the performance and development review system for staff. Equality Impact Assessments (EQIA) are conducted for new and revised policies and procedures. A select group of people are trained on how to conduct EQIA to ensure a consistency of approach and better outcomes.
92. The force supports the development of a workforce that reflects the make up of the communities of Fife. Internally, there are five equality group networks which are promoted within the force to support diversity within the workplace. The composition of the workforce is changing and is in line with the other forces in Scotland. The proportion of female officers now stands at 28 per cent, which is slightly above the Scottish average. The number of officers with declared ethnicity stands at 0.6 per cent. This is below the Scottish Police national average of 1.2 per cent and that of the population of Fife, where the percentage of people that are minority ethnic is 1.3 per cent<sup>7</sup>. We note, however, that in 12.2 per cent of cases the force has no information on the ethnicity of its staff. The force uses the national HR system (scope) however it does not currently have the capability to use the Equal Opportunities module for staff to input and store information, which would assist in determining the equality profile of the workforce. This matter is currently being worked on and it is anticipated the system will be available later this year.
93. Workforce data is reported nationally on a quarterly basis through the SPPF. However force performance reports do not contain this information and as a consequence the PFSC does not receive regular performance information relating to the diversity of the workforce. Given the progress the force has made in delivering its equalities strategy, its work with communities and through the Lay Advisors Group it would be an opportunity to inform the PFSC of this activity to enable it to provide scrutiny and governance.

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<sup>6</sup> HMICS & Audit Scotland (2011) Lothian and Borders Police and Police Board - Best Value Audit and Inspection

<sup>7</sup> Office of the Chief Statistician (2004) Analysis of Ethnicity in the 2001 Census - summary report

## Sustainability

### Fife Police Authority

The PFSC provides limited oversight of the force's overall approach to sustainability and recognises the need to do more.

- 94. The PFSC considers limited information in relation to sustainability. It is aware of sustainability issues on individual projects such as the energy efficiency of new police stations and endorses the force's carbon management plan. However, the PFSC has not yet received an update on progress against the plan and more generally and has no strategic oversight of the force's overall approach to sustainability.
- 95. Members recognise the need to make improvements in the wider areas of sustainability. The PFSC needs to identify and direct the information it requires to assess the force's approach and to scrutinise the force's progress in meeting its objectives.

### Fife Constabulary

The force has ambitious plans to deliver increased sustainability, particularly in relation to carbon management through sharing services and rationalising assets with partners. The sustainability agenda is led at the executive level and there is evidence of early successes.

- 96. Sustainability is one of the 'cross-cutting' responsibilities under Best Value and the force is committed to contributing to the climate change agenda in Scotland. The Association of Chief Police Officers (Scotland) approved a Climate Change Action Plan 2010-2020 and Fife Constabulary, like other forces, has developed a Carbon Management Plans (CMP) with support from the Carbon Trust and additional support from Fife Council energy management staff. The final plan was approved by the PFSC at its September 2011 meeting. The force has set a target of a 21 per cent reduction in CO2 emissions by 2015 to meet the statutory target for 2020.
- 97. The force has gained some early success including the shared facility at Cowdenbeath that has improved efficiency from an F energy rating to C achieving the 2050 carbon reduction target for that specific building. The force has also reduced its fleet emissions by ten per cent from the baseline by utilising more energy efficient vehicles.
- 98. The force aims to embed a culture of Carbon Management throughout the force over the next five years and beyond. The project is being managed at a senior level and a Carbon Trust data gathering tool will be used to provide monitoring and trend information. Summary performance data will be made available to the force via the Business Support Microsite, and in due course a dedicated carbon reduction microsite, although this is still some way off because of the limitations of the force ICT systems. The force will need to ensure that progress is monitored and reported to the PFSC.

# Part 3. Fife Police performance assessment

## Performance outcomes

The force and its partners can demonstrate that performance is good, is moving in the right direction in most areas and is achieving favourable outcomes for the communities of Fife while being one of the least expensive forces to maintain. The force sets a number of targets for 2011-12 in support of its policing plan objectives which in turn link clearly to national and partnership objectives. Its performance framework enables a clear and accurate understanding of how the force is performing in relation to these objectives. There are some areas where performance can still be improved upon, particularly in relation to domestic abuse and hate crime where recent enhancements in reporting and recording provide a solid platform for future progress.

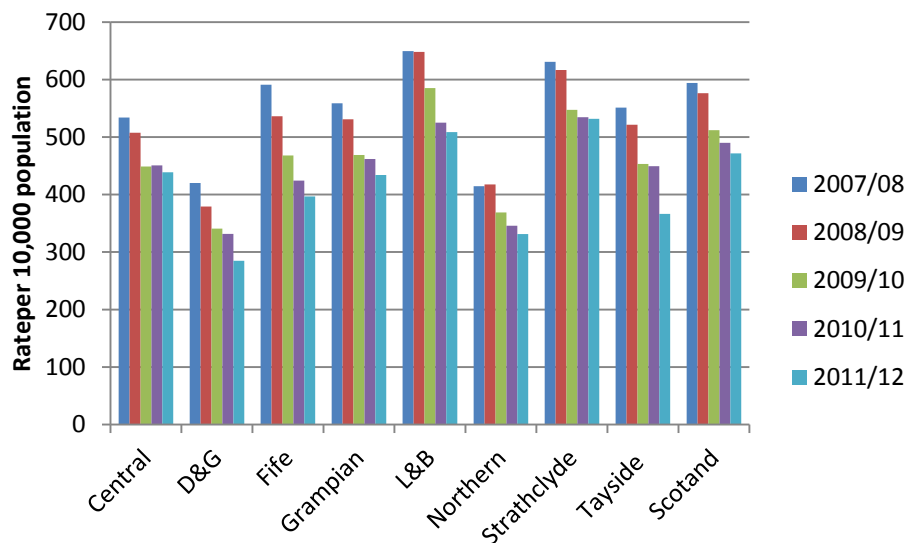
## Tackling crime

99. Across Scotland recorded crime has been falling annually for a number of years and has fallen by over 26 per cent since 2004/05. Fife is no exception to this trend; during the same period the force has seen a 49 per cent reduction in Group 1-5 crimes<sup>8</sup>. This continued into 2011-12 with a further fall of 4.3 per cent in reported crime.
100. While it does not have the lowest rate per population of groups 1 to 4 recorded crime, it has experienced one of the greatest declines in number over the last four years. As a result, at the end of 2011-12 its rate of 396.7 crimes per 10,000 residents was well below the Scottish average of 471.7 (Exhibit 7). The biggest contributors to this downward trend have been group 4 crimes of fire-raising and vandalism, which are down by 42.4 per cent since 2007-08 and fell a further 15.3 per cent in 2011-12, and group 3 crimes of dishonesty, which are down by 20.7 per cent over the same time period but by only 0.9 per cent in 2011-12.
101. The detection rate for group 1-4 offences in Fife in 2011-12 rose to 50.9 per cent, up from 45.5 per cent the previous year (Exhibit 8). The force's detection rates in all crime areas are consistently higher than their respective national averages. It is performing particularly well in terms of detection rates for group 1, which at 97 per cent is the best in Scotland and group 2 at 80.8 per cent is the second best in Scotland and well above the national averages of 75.5 and 67.3 per cent respectively.

<sup>8</sup> **Group 1** - Crimes of Violence, including: murder; attempted murder; serious assault; and firearms offences.  
**Group 2** - Crimes of Indecency, including: rape and sexual assault.  
**Group 3** - Crimes of Dishonesty, including: vehicle crime; theft; shoplifting; housebreaking; and fraud.  
**Group 4** - Fireraising, Malicious Mischief, etc, including: vandalism; and fire-raising.  
**Group 5** - Other Crimes, including: offensive weapons and knives; bail offences; and drug offences.

## Exhibit 7

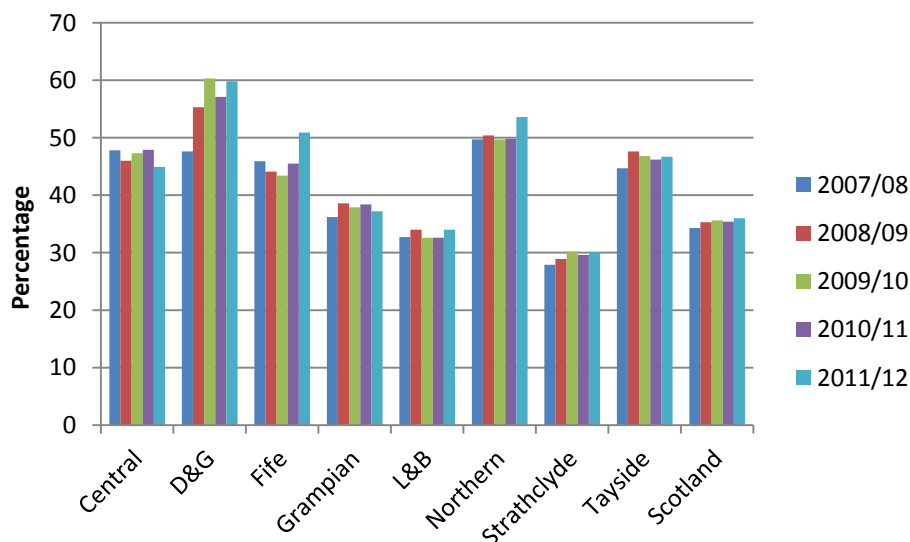
### Total crime (groups 1-4) per 10,000 population



Source: Scottish Government, SPPF 2011/12

## Exhibit 8

### Detection rates (Groups 1-4)



Source: Scottish Government, SPPF 2011/12

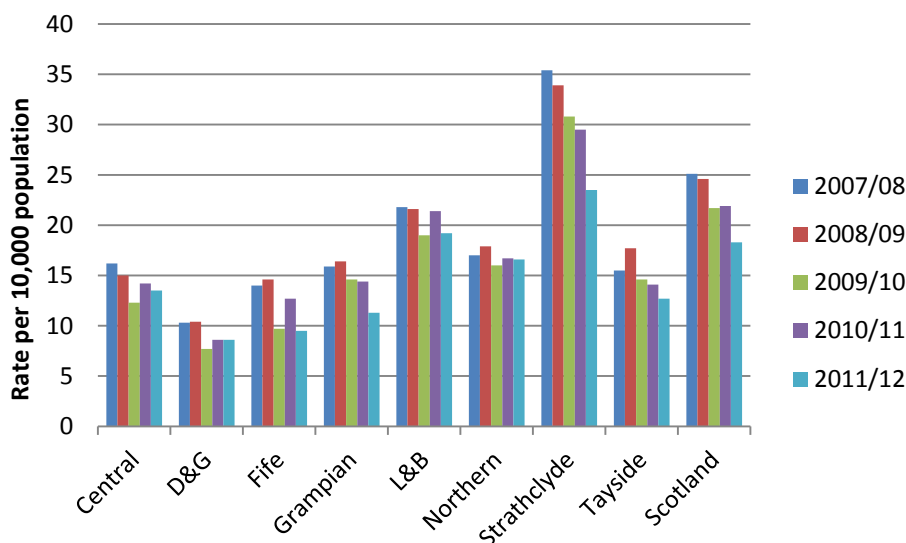
- 102.** The force attributes its success in detecting crime to its internal performance management processes and community engagement model. Internal performance management, especially at the local area level, has ensured that all avenues are explored when investigating crime before officers close a case. The Scottish Institute for Policing Research (SIPR) reviews of the community engagement model identify that it 'is contributing at a wider level to an improving

relationship between police and communities'. We found that operational police officers believe that this has contributed to greater trust and confidence in the police to the extent that communities are more willing to help the police to identify those responsible for local crime.

- 103.** The force has adopted a robust approach to tackling violent crime, with a strong emphasis on conducting thorough investigations. In addition, initiatives such as operation LASER targeting priorities including public space disorder, the proxy supply of alcohol to youths and low level drug dealing, as well as partnership work, such as MARAC tackling domestic abuse, have all contributed to reductions in these Group 1 offences. (Exhibit 9).

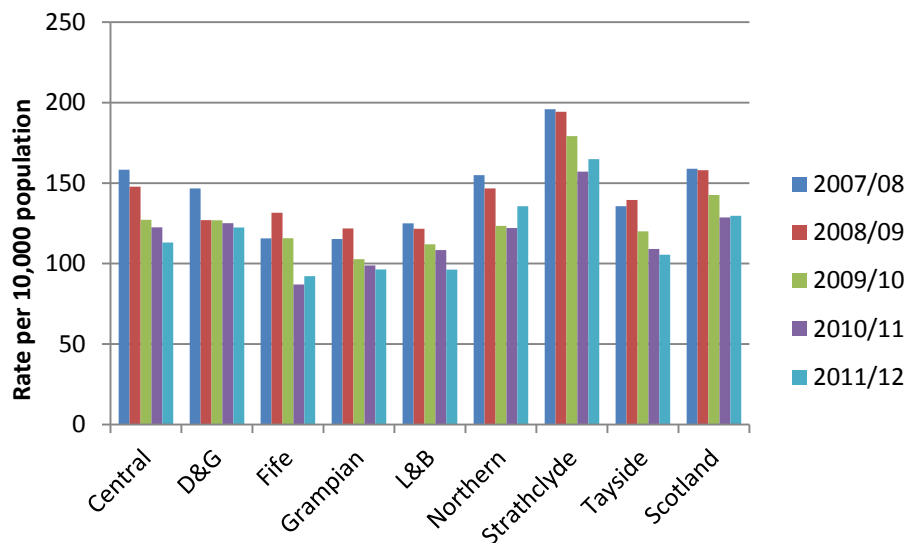
## Exhibit 9

### Group 1 crimes per 10,000 population



Source: Scottish Government, SPPF 2011/12

- 104.** For group 2 (crimes of indecency) the force has the second highest rate in Scotland, at 16.0 crimes per 10,000 of population compared with the national average of 13.9. During 2011-12 it set a target to encourage victims to report crimes of a sexual nature and achieve a year-end detection rate of 75.0 per cent. Between April 2011 and March 2012 the number of reported offences fell by 3.2 per cent with a detection rate of 80.8 per cent.
- 105.** The force has the lowest rates per 10,000 of population for crime in proactive policing groups. In 2011-12 the rate for group 5 (drugs and other crime) was 92.2 per 10,000 of population compared with the Scottish average of 129.7 (Exhibit 10). During 2011-12 the force increased its activity in these areas to the extent that there was a 27.0 per cent increase in seizures of class A drugs. Group 5 offences rose by 6.0 per cent or 191 crimes and a detection rate of 99.4 per cent was recorded. During the year it also achieved some notable success in targeting the supply of drugs and organised crime, seizing £34,646 of cash assets and identifying a further £1,300,572 in assets under the Proceeds of Crime Act 2002.

**Exhibit 10****Group 5 crimes per 10,000 population**

Source: Scottish Government, SPPF 2011/12

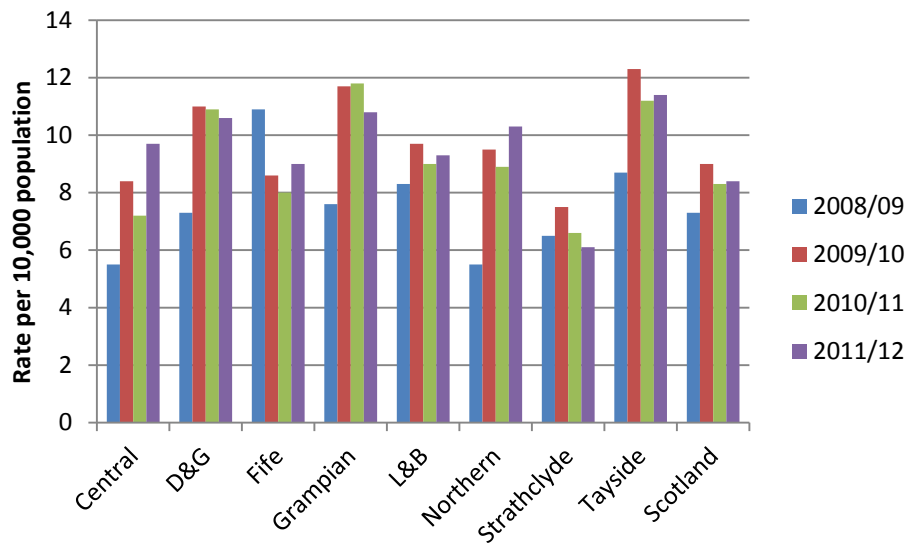
**Being there for the community**

- 106.** The difficulty of achieving good response rates through postal surveys is widely acknowledged. Certainly those forces that have changed to a telephone format have enjoyed considerably greater success. In 2011/12 the return rate for Fife was 21.3 per cent, which was the lowest return rate of all Scottish forces.
- 107.** In terms of the feedback it receives from those that do respond, the force had enjoyed long-term gradual increases on all the satisfaction questions and declines in the percentage of respondents dissatisfied. However, data for year ending 2011/12 show a reversal in this trend with overall satisfaction with the way police dealt with the respondents incident falling from 76.5 per cent to 72.7 per cent and on keeping users adequately informed of the progress of their matter the rate fell from 74.2 per cent to 67.9 per cent.
- 108.** The force is aware of the decline in satisfaction rates and has planned a number of consultation exercises for 2012 in order to address these matters. These are a Quality of Service Survey to ascertain levels of satisfaction of its service users; a Public Perception Survey, which is a broader biennial survey that aims to establish local people's views on crime, antisocial behaviour and policing priorities; and its Staff Survey, designed to ascertain staff satisfaction levels. In an attempt to resolve the problem of poor return rates it will use on-line questionnaires and seek to promote their wider uptake by, for example, establishing a link to the Fife Direct website and making direct contact with students at various colleges in the area. That said, we note that the quality of service survey will continue to be primarily postal with respondents being given the opportunity to complete it online. The force may wish to consider following up this approach with telephone contact in an attempt to improve response rates further.

109. The force has a good approach to handling of complaints. This is discussed in more detail in the corporate assessment section (paragraphs 40-41). In recent years it had recorded reductions in the rate of complaint cases per 10,000 population (Exhibit 11). In 2011/12 this, however, rose from the previous year's total of 8.0 to 9.0, but is still the second lowest in Scotland.

## Exhibit 11

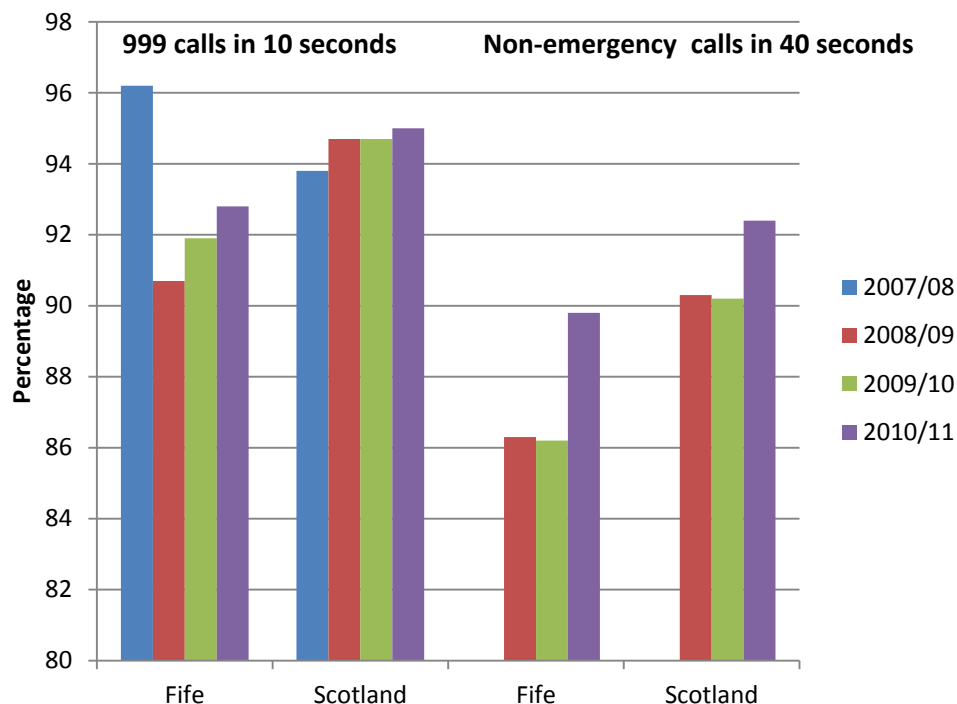
### Complaint cases received per 10,000 population



Source: Scottish Government, SPPF 2011/12

110. The force's ability to meet the national target of answering 90 per cent of 999 calls within the national target time of ten seconds at 92.8 per cent has improved from 91.8 per cent the previous year (Exhibit 12).
111. With regard to handling non-emergency calls the target is to answer 90 per cent of calls within 40 seconds. Performance in 2011-12 has improved from 86.2 per cent to 89.8 per cent but remains below the national target (Exhibit 12). The percentage of non-emergency calls abandoned by the force in 2011-12 is above the national average, at 4.6 per cent compared with 3.7 per cent, although this is an improvement on the 5.8 per cent it recorded in the previous year.



**Exhibit 12****Proportion of calls answered in target time**

Source: Scottish Government, SPPF 2011/12

- 112.** Although Fife Constabulary no longer sets an internal target for attending emergency response incidents, at 357 seconds per incident compared to the national average of 623 seconds, it has one of the fastest average response times in Scotland. In terms of the number of such incidents it is required to deal with, this has declined dramatically in the last two years, down from 19,352 in 2010-11 to 1,646. The force puts this down to a change in its grading procedures which saw it adopt the national standard of 'emergency' (thereby reducing the number of other incidents recorded as emergencies) over a year ago.

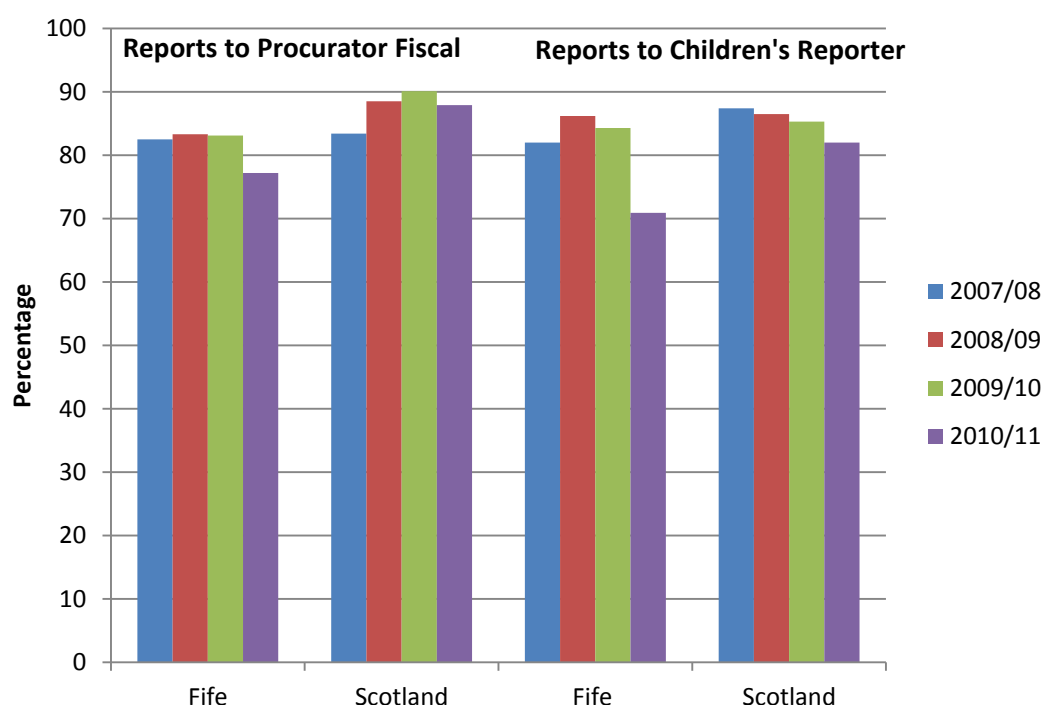
### Creating safer communities

- 113.** The force's community engagement model (paragraphs 47 - 49), which targets priorities identified via local community engagement meetings, along with initiatives such as operation LASER (paragraph 81) and other partnership activity have all contributed to its success in reducing antisocial behaviour and associated crimes such as vandalism. This proactive approach has seen a rise in enforcement activity such as the use of antisocial behaviour fixed penalty tickets. During 2011-12 Fife Constabulary issued 1,698 fixed penalty notices, an increase of 14 per cent on the previous 12 months. Over the same period it recorded 2,289 fewer antisocial behaviour incidents (equivalent to a fall of 24.2 per cent on 2010-11) and 793 fewer crimes of vandalism (down 15.3 per cent on 2010-11). These percentage reductions are among the highest in Scotland.

- 114.** The force has seen reductions in reports submitted to the Children's Reporter, with a decrease of 73.9 per cent over the last three years, compared with a 44.0 per cent reduction nationally. The force attributes this success to the Youth Offender Management Group (YOMG), a multi-agency approach that diverts children from the criminal justice system into more appropriate initiatives to address behaviour and reduce re-offending. It has also, however, had an adverse impact on the length of time taken to submit reports.
- 115.** The national target is to submit 80 per cent of cases to the Children's Reporter within 14 calendar days. Fife's performance has fallen from 84.3 per cent in 2010-11 to 70.9 per cent in 2011-12 (Exhibit 13). This fall in performance is believed to be as a result of the YOMG review process, which results in only the most serious cases being submitted to the reporter, the outcome being that the needs of these children are being addressed more quickly. This is a view supported by an independent evaluation of this process by Blake Stevenson<sup>9</sup>. The Group was also 'highly commended' at the Scottish Policing Awards 2011.
- 116.** A target of 80 per cent of cases within 28 days is in place for crime reports to be submitted to the Procurator Fiscal. Over the last four years the force has typically recorded some of the lowest proportions achieved, while always managing to remain above the 80 per cent target (Exhibit 13). However, its percentage for 2011-12 fell to 77.2 per cent.

### Exhibit 13

#### Submission of police reports - 80 per cent target

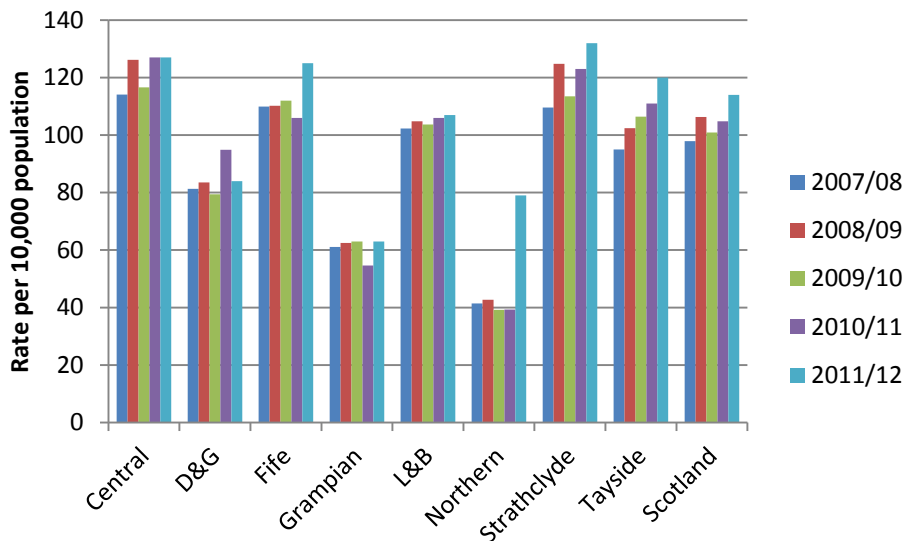


<sup>9</sup> Blake Stevenson (2012), Youth Offender Management Group and Youth Diversionary Programme Evaluation

Source: Scottish Government, SPPF 2011/12

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117. In light of these trends the force has put in place a number of measures to improve the quality of its crime reports to the Procurator Fiscal. However, subsequent delays in the submission process have resulted in the fall in submission rates observed for 2011-12 (Exhibit 13). The force's efficiencies programme brought significant change to its Criminal Justice Department, with many functions, including those associated with case management, now transferred to its Continuous Improvement Unit. The force anticipates that the establishment of this unit will help to resolve outstanding problems with submissions to both the Procurator Fiscal and Children's Reporter.
118. We note both the changes implemented by the force to improve performance in this area and its improved submission rates since then of 81 per cent of reports to the Procurator Fiscal submitted within time, in March 2012. However, performance is at odds with that of other forces and we suggest that Fife Constabulary continues to monitor the situation to ensure that improvements are sustained.
119. For group 7 (motor vehicle offences) the force typically records the lowest rate in Scotland of offences per 10,000 of population: in 2011-12 this stood at 408.3 compared with a national average of 638.9. It has, however, recorded slight decreases in most categories of road casualties in the last twelve months. The number of adults killed on roads dropped slightly from 13 to 12, serious injuries fell from 109 to 72 and slight injuries declined from 510 to 408. There were no children killed on Fife's roads during this period, but the number receiving serious injuries rose from 13 to 15 while those with slight injuries fell from 67 to 55.
120. Nationally Fife has one of the highest rates of domestic abuse – its rate of 125 per 10,000 of population is the third highest in Scotland and sits above the national average of 114 per 10,000 of population (Exhibit 14). Furthermore, the force has shown one of the highest increases in the number of these offences over the last 12 months, from 3,844 in 2010-11 to 4,549. At 18.3 per cent this is much greater than the nine per cent rise across Scotland and is in contrast to a reported 5.2 per cent reduction in domestic abuse incidents the previous year. While it could be argued that the rise is due to better recording and reporting processes following the introduction of the MARAC process, the trends suggest that there is still work to be done to tackle this type of crime.

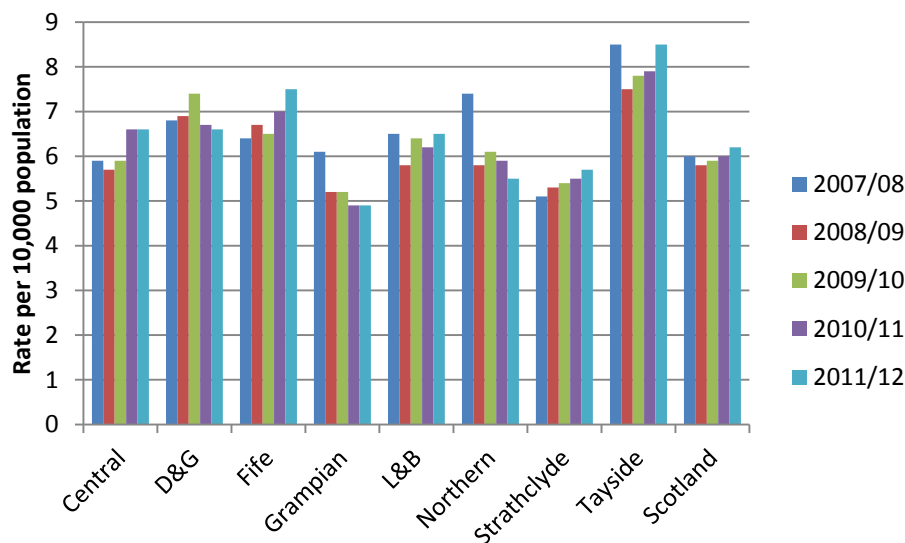
**Exhibit 14****Domestic abuse incidents per 10,000 population**

Source: Scottish Government, SPPF 2011/12

- 121.** Although the force remains well below the national average rate for racist incidents per 10,000 of population, it has experienced some recording problems in this area in recent years. Specifically, a review of its systems, processes and procedures identified a tendency for under-recording, due largely to a lack of understanding of how hate incidents and crimes should be recorded correctly.
- 122.** As a result the force has provided awareness training to all staff, while its community officers have received additional training in diversity and are expected to engage with all communities as part of their daily activity. It has also introduced a more robust system of monitoring hate incidents that requires individual officers to flag incidents for review by a duty inspector. All incidents are discussed on a daily basis at the local and divisional Tactical Tasking and Coordinating Group (TTCG) and weekly and monthly reviews of investigations are conducted and supported by regular dip-sampling. These changes saw a 52.6 per cent rise in recorded racist incidents during 2010-11 and a further but smaller increase of 6.7 per cent in 2011-12. Detection rates have risen from 80.8 per cent in 2010-11 to 86.5 per cent in 2011-12 and remain well above the Scottish average of 69.2 per cent. This should provide the force with a platform from which to make further progress.
- 123.** Over the last four years Fife Constabulary has consistently had one of the highest rates per 10,000 of population of registered sex offenders in Scotland (Exhibit 15). The force has not been able to establish any particular reason for this statistic. It does, however, continue to manage registered sex offenders and to monitor non-registered sex offenders. The monitoring of non-registered offenders is unique to Fife. It involves an intelligence-led and risk-based approach whereby the activity of those who may pose a risk to communities is subject to intelligence monitoring by community teams.

## Exhibit 15

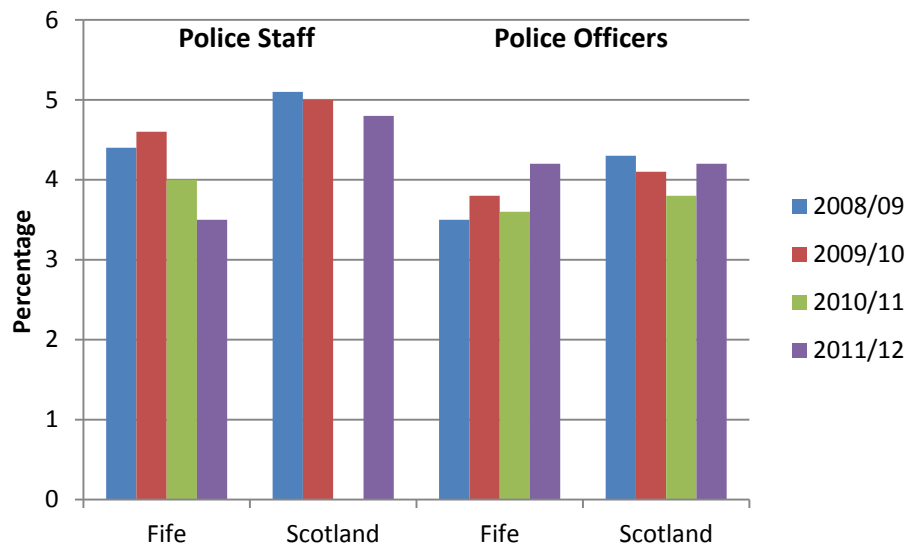
### Registered sex offenders per 10,000 population



Source: Scottish Government, SPPF 2011/12

## Building on success

124. At end of March 2011 Fife Constabulary employed a total of 1,532 full-time equivalent officers and staff, 27.6 per cent of whom were civilian members of staff. Per 10,000 population, the force's rate of police officers sits below the average for Scotland (30.9 compared with 33.6 for Scotland), while that for police staff (14.4 compared with 12.9 for Scotland) sits above.
125. Over the last four years expenditure per resident by Fife Constabulary has consistently remained below the Scottish average. At £164.1 per head this is the third least expensive force in Scotland and puts it slightly below the national average of £169.5.  
In terms of sickness absence rates, at 4.2 per cent that of police officers is the same as the Scottish average. Conversely, at 3.5 per cent, that of police staff is below the Scottish average of 4.8 per cent (Exhibit 16).

**Exhibit 16****Proportion of working time lost to sickness**

Source: Scottish Government, SPPF 2011/12<sup>10</sup>

- 126.** Over the last twelve months the force has conducted a comprehensive review of its special constabulary. Its findings revealed a number of officers who no longer turn out for duty and whose inactivity was contributing to the force's special constabulary having the lowest average hours worked in Scotland – 66 per officer compared with 107 nationally. The review recommended the removal of 'inactive' special constables and the recruitment of new staff to meet the force's requirements. In addition a number of special constables were recruited as full time constables. This resulted in an overall reduction in the number of special constables from 128 in March 2011 to 109 in 2012, with a corresponding decline in the number of hours worked from 16,434 to 11,436. The force has held a number of recruitment initiatives to increase numbers. By the end of February 2012, 59 applications had been processed with 14 new special constables beginning training in March and a further 18 identified to start in September. We note the action taken by the force and anticipate that it will continue to expand the support it derives from its special constabulary.

<sup>10</sup> Scotland average Police Staff sickness absence data for 2010/11 unavailable

# Part 4. Improvement recommendations

127. Scottish police services are going through a period of major change with the Government's announcement of the creation of the PSoS. We recognise that this is now a prominent issue for all forces and have taken this into account in setting out the improvement agenda. Police authorities and forces must continue to observe their duties under the Best Value legislation to ensure that police services remain effective, make the best use of resources allocated to them and are accountable to local communities.
128. The improvement areas set out below focus on areas that are important to the operation of the police authority in the transition to a single force.

## Joint improvements

129. The council, in its capacity as police authority and through its revised committee structure, and the force should ensure that good working relationships are maintained and that they continue to work effectively to deliver an effective policing service during the transition to the PSoS.
130. The authority needs to form a clear view of how it can provide direction and scrutiny in the critical period of transition to a single force. While recognising the need to sustain performance in the year ahead, it must also make difficult decisions relating to the process of reform and a single national service.

## Fife Police Authority

131. The authority should be more proactive in determining the aspects of force performance it wants to explore and in scrutinising the overall effectiveness of the community policing strategy; the force's estates and workforce strategies; the force's continuous improvement activities; and the force's progress with equal opportunities and sustainability.
132. The authority should ensure its involvement in setting the policing strategy and in scrutinising performance is more public and transparent. It should also develop its approach to improvement and, in particular, identify its priorities in the period leading to the PSoS.
133. The authority should review the structures in place at the time of the audit and inspection, including the scrutiny group and its activities, and determine arrangements which secure best value both from ongoing policing services and during the transition to the single Scottish force.
134. The authority should continue to develop the skills and capacity of elected members and ensure a more systematic and structured approach to training, particularly for new members following the May 2012 council elections.

## **Fife Police**

- 135.** The force should build on its successful community engagement model by improving the way local community priorities are communicated internally to flag priorities to a wider range of resources. To achieve this the force may wish to consider making greater use of its force briefing system and developing local priority notice boards in police buildings to flag priorities to other officers and staff.
- 136.** The force should address its commitment to openness and accountability by publishing force performance and policy group minutes in a timely manner.
- 137.** The force could assist the committee in its role of providing meaningful scrutiny and consideration of value for money through the provision of more contextual information in performance reports on exceptions and comparative data with other forces or organisations. In addition the force could provide regular reports on cross-cutting issues such as diversity and sustainability; updates on risk management and continuous improvement activity as well as developing information on costs through improved use of Police Objective Analysis.
- 138.** The force should take further steps to reduce the occurrence of domestic abuse and hate crime where improvements in reporting and recording should provide a platform from which to begin to make progress.



# Appendix 1. Expectations of police authorities

## Expectations of police authorities

The Scottish government has issued two main sources of guidance on the role of elected members and police authorities:

- *Circular 11/2003, Implementing Best Value in the Scottish Police Service*, issued in December 2003.
- *Guidance to Members*, issued in June 2007.

Taken together, these two documents set out six main areas of activity for police authorities and their members:

- Police authorities need to pursue best value in tandem with chief constables who are responsible for police operations in their force. Members of the police authorities should take joint responsibility for the overarching plan to achieve best value and other duties in the force, and work with the chief constable to ensure that it is carried out effectively.
- Best value requires elected members and senior managers to develop a vision of how best value will contribute to the corporate goals of the authorities, inform the direction of services and be communicated to staff.
- Police authorities are expected to demonstrate responsiveness to the needs of the public and other stakeholders. Plans, priorities and actions should be informed by an understanding of those needs. Police authorities may make clear publicly how they engage and work with chief constables, delivering and reporting on, best value. They have a particular role to play in ensuring effective public consultation on aspects of policing.
- It is a matter for each authority to determine how it fulfils these roles. However, one option might be for the police authorities to contribute to and endorse the chief constable's annual plan.
- Members of the police authorities should be able to demonstrate that they are making the best use of public resources and demonstrate an approach to review that is rigorous, robust and covers all aspects of their work.
- Police authorities need to make sure that the force collects and reports good quality performance data to them. Police authorities should analyse the data and any accompanying commentary. They may then want to investigate further by asking questions of the chief constable as part of a continuous discussion and review of force performance.