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Thank you for your letter of 20 February about your Committee’s consideration of the recent Public Petitions about the Common Good. I too commend the petitioners for the action they have taken.

I undertook when giving oral evidence to your Committee to write to councils to remind them of their responsibilities to hold records of all common good assets and to make this information available to the public if asked. I can confirm that my officials have recently written to local authorities on my behalf in fulfilment of this commitment. I enclose a copy of this letter for your information.

Your letter raises three main points. The first is that local authorities should record details of common good assets and funds fully and clearly. Legislation already makes it clear that councils are the stewards of common good assets. They are responsible both for managing those assets and for ensuring that those assets are properly recorded and insured. The *Code of Practice on Local Authority Accounting in the United Kingdom – Statement of Recommended Practice* (also known as the “SORP”) requires common good accounts to be shown separately. The letter from my officials to local authorities draws attention to a recent publication by Audit Scotland (*Overview of the Local Authority Audits 2006*), which states that to “discharge their stewardship responsibilities, councils need to maintain accurate asset registers which identify common good assets as such, distinct from the general body of assets under council control”.

I have some observations to offer on this point. One is that you state the Committee believes that “the accounts should provide a full record and description of assets” and at the same time the information in the accounts should “be transparent”. I would broadly agree with that conclusion but I also believe your evidence gathering highlighted practical issues that should be taken into consideration. For example, Audit Scotland referred to the fact that many common good assets have existed for centuries and these might not have the same form or level of completeness as transactions that have been completed more recently. Also, as SOLAR stated in oral evidence, information about common good assets could be held in a range of formats, such as Ordnance Survey plans. One result of this, as Audit Scotland stated in oral evidence, is that there is a cost to local authorities in providing full and accurate information and these are resources that could otherwise be used in other ways, possibly on direct front-line services.

I would suggest that local authorities are best placed to balance the competing objectives of comprehensiveness on the one hand and clarity, accessibility and cost and difficulty of producing a detailed register on the other hand. In applying this balance, councils will have to have regard to



SORP standards and their Public Performance Reporting requirements under Best Value, both of which may be the subject to scrutiny by Audit Scotland.

You also state the Committee believes “that assets should be properly valued”. I am conscious that some witnesses raised concerns about the adequacy of some valuations that local authorities have made of common good assets. However, it is important to bear in mind that the valuation of land and buildings is affected by conditions relating to their use and disposal as well as their apparent intrinsic worth. In particular, land which is inalienable cannot command a meaningful market value by its very nature as it may not be sold. I understand it is common practice to attach a nil or nominal value to assets in such cases. I note that a similar point was made by Audit Scotland in oral evidence to your Committee.

My final observation is that the Local Authority Scotland Accounts Advisory Committee is currently undertaking a review of current accounting arrangements for the common good fund. I understand they are likely to report in the Autumn.

The second point you raise concerns the value of additional guidance for local authorities. The letter I refer to above to local authorities invites views on whether more detailed guidance would assist them in meeting their obligations under Best Value. I am sure officials will advise Ministers after the Scottish Elections about the extent and nature of feedback they receive. In addition, COSLA is taking forward separate work to improve the ability of local authorities to manage their assets effectively.

The third point in your letter relates to how common good assets and the common good fund are promoted to allow local communities to have influence over their use. The Scottish Executive, working closely with COSLA and the Improvement Service for Local Government, is identifying current weaknesses and inconsistencies in Councils’ asset management planning and the management information on which it is based. It is proposed that the findings and recommendations from this work will feed into a broader high-level Review of Asset Management across the public sector, which will consider at the strategic management of public sector assets. The precise scope and remit of this review is currently being considered but will include those assets held for the common good by local authorities. The Review will also look specifically at the issues of the accountability of public sector organisations for the assets they hold and manage and at public access to information about those assets.

I hope this response is helpful in assisting your Committee’s deliberations.

GEORGE LYON