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Duncan McNeil MSP  
Convener  
Local Government and Communities Committee  
The Scottish Parliament  
Holyrood  
Edinburgh  
EH99 1SP

8 March 2011

Dear Mr McNeil

**LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE, 23 FEBRUARY 2011  
AN OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2010**

Thank you for the opportunity to present evidence from our Local Government Overview report to the Committee on 23 February 2011. I undertook to provide further information to you on two matters.

Firstly, in relation to equal pay, you asked whether we have figures for conceded claims and contested claims.

The accounting code requires councils to include a provision in their accounts when there is a present obligation or where there is a probable outflow of resources and a reliable estimate can be made. In relation to equal pay, this will include 'conceded' claims. Where there is less certainty, and a possible obligation arises which will only be confirmed by future events, councils include information in the notes to their accounts. These are known as contingent liabilities. Councils' decisions on what to disclose will include their assessment of 'contested' equal pay claims.

On this basis, we collect information from the accounts on a council by council basis which enables us to provide an overall figure for amounts set aside to meet likely and known future equal pay costs i.e. 'conceded' claims. Specific council by council information on 'contested' claims is not available, reflecting the uncertainty surrounding the outcome. Even if consistent financial information was available, it is worth highlighting the risk of disclosing this where outcomes are uncertain. This was highlighted by COSLA in its submission to the Committee's enquiry into equal pay which refers to councils' concerns about providing further estimates which may prejudice the councils' legal position in ongoing, contested cases.

I hope this helps clarify the position on equal pay and the basis for figures included in the overview. The external auditors will continue to ensure that councils comply with the accounting code's requirements for provisions and contingent liabilities. For our part, we will continue to collect information to provide an overall picture across all 32 councils and will present this as clearly as possible, taking account of the different terminology surrounding this important and complex area.

Secondly, I would like to take this opportunity to clarify the position on common good. I know the Committee has had a long running interest in this topic and it featured again as part of the evidence session on 23 February. Auditors' annual audit reports refer to common good, and none of these highlighted unsatisfactory or non-compliance with guidance. This allowed us to conclude in the

overview report that councils have generally taken action to comply with guidance (paragraph 58). We acknowledge in the report that matters relating to the common good remain of considerable public interest. Council auditors will continue to monitor and report the position and we will highlight any matters arising in next year's overview report.

I trust this helps to clarify these matters, but please feel free to contact me if you wish further information.

The Commission welcomes the opportunity to provide evidence to the Committee annually based on the overview report. I have asked Audit Scotland in discussion with the Committee Clerk to explore how we might engage at other points in the year on issues where the Committee and the Commission may have common interests

Yours sincerely

John Baillie  
Chair