

Background briefing

The audit of Best Value

Prepared for / by...possible additional title/info in here

July 2004



First ever assessment of council performance

In July 2004, the Accounts Commission began a rolling programme of in-depth audits that will affect every one of Scotland's 32 councils, as well as other local authorities such as Police Boards. The Audit of Best Value has been introduced in response to the Local Government in Scotland Act 2003, which gives local authorities new responsibilities to continually improve their service delivery, and to report publicly on their performance.

The objective of Best Value is to ensure that effective management delivers better and more responsive public services. It is about local authorities:

- balancing the quality of services with cost
- achieving sustainable development
- being accountable and transparent, by engaging with the local community
- ensuring equal opportunities
- continuously improving the outcomes of the services they provide.

The Commission has instructed Audit Scotland to produce the Best Value audit reports. These will provide the first ever overall picture of each council's performance and will give the public an independent view on whether their council is achieving continuous improvement. A Best Value audit for each council will usually be carried out once every three years, with annual progress reviews taking place in the intervening years. The councils to be examined during the first year reflect a balanced mix of size, geography and socio-economic factors. These are Angus, North Ayrshire, Shetland, Inverclyde, Stirling West, Lothian and Dundee City.

The long view

Councils have been developing many aspects of Best Value on a voluntary basis since 1997. However, the new legislation also establishes new duties which local authorities have had less time to address. Audit Scotland therefore anticipates that the most significant improvements in service delivery will be demonstrated in the medium to longer term.

A collaborative yet independent approach

The Best Value audit will not produce scores for councils or create league tables of performance. The process is not primarily designed to compare councils with each other. The Commission's main interest is in how each council is performing compared with how it performed in the past and where it plans to be in the future. The audits will take into account the particular constraints and opportunities that face each council.

The Commission also recognises that councils cannot do everything - resources are limited and choices have to be made. However, where there is a need for significant improvement, the reports will clearly identify that, and councils will be urged to take remedial action.

The Commission's approach to developing the Best Value audit has been open and inclusive. Councils and other stakeholders were involved in the development of the audit through extensive consultation and pilot work to test out the new procedures in two councils. The Commission is independent of local and central government and acts in the interests of the general public. Its main objective for the audit of Best Value is to hold local authorities to account with regard to the duties they have under the 2003 Act, but to do this in a way that supports and encourages real improvement in public services at a local level.

The process – robust but not bureaucratic

Each Best Value audit will take around 20 weeks from start to finish and will be carried out by a central team from Audit Scotland. The council's external auditor, who works with the council on an ongoing basis, will become a member of the team. The audit will address every aspect of the council's activities to some degree, but a small number of key areas will be selected for more in-depth examination in each case, depending on individual circumstances. Each audit report will therefore be quite distinctive as they are likely to cover different issues each time. This will make them much more relevant to each individual local council and the local people it serves, and more effective in achieving improvement as a result.

Each council will provide its own submission as a starting point for the audit, summarising the performance of its services, indicating areas of strength and areas in need of improvement. The audit team will then look for evidence to challenge or confirm the council's own assessment. This will be done through a mix of interviews, attendance and observation at committee and other meetings, and through reviews of key documents and performance information. The process is designed to be robust and comprehensive, while minimising bureaucracy and duplication. It will take account of the council's existing information and the reports of other external inspectors. Audit Scotland has arrangements in place with the Inspectorates for Education, Fire and Police. It works closely with Communities Scotland and the Benefit Fraud Inspectorate, and is also developing close links with the Social Work Services Inspectorate and the Care Commission. It has access to published information from all of these bodies and will use them to provide the Commission with an overall picture of each council.

The scope of the audit report

The report produced for each council will include an overall summary outlining the main conclusions from the audit. The body of the report will describe the context in which the local authority operates, and provide an overview of how services are performing, and how well the council is meeting the requirements of Best Value.

A key element of the report will be an Improvement Plan – produced by the council in consultation with the audit team. This plan will be subject to regular checks in the year after the main audit to ensure that acceptable progress is being made.

The report will cover arrangements to continually improve performance with regard to efficiency, effectiveness, economy and equal opportunities; the scrutiny role of elected members; Community Planning*; arrangements for reporting on their performance to the public; sustainable development*; and new rules for trading operations*.

Before the report is published the audit team will try to reach agreement with the council on the facts it contains. This reflects the spirit of partnership in which Audit Scotland is embarking on the new arrangements. In return, councils are expected to provide accurate, honest and balanced assessments of their performance, and to engage positively in making real improvements to their services.

An audit 'with teeth'

The report will normally be published, together with findings from the Commission. The report will be made available to local citizens through libraries, the internet and the media and it will be distributed to MSPs, MPs, civil servants and consumer groups. However where there are concerns about the council's commitment to Best Value, or there is disagreement between the councils and auditors about the content of the report, the Commission may decide to publish the Best Value audit report without its own findings. It then has the option to do any or all of the following:

- ask Audit Scotland to carry out further specific work and report back before reaching its Findings
- hold a Hearing to provide an opportunity for Commission members to hear at first hand from Elected Members and officers before reaching its Findings
- publish its findings, including recommendations to the council and/or Scottish Ministers.

Once a report has been published, Audit Scotland will continue to monitor the council's progress against its Improvement Plan and report to the Commission. If the Commission finds that insufficient action is being taken, it can once again choose to hold a hearing, or recommend action to Ministers in specific areas of concern. It should be noted that, under the 2003 Act, Ministers can issue Enforcement Directions and place requirements on councils in relation to Best Value or Community Planning.

Common themes emerging from the audits will inform the Commission's annual Local Authority Overview report. These reports give a picture of performance across Scotland, highlighting what is working well and where there are common problems that need to be addressed.

For further information or to arrange a briefing please contact: Mandy Gallacher on 0131 624 9974

*Notes for editors

1. The Accounts Commission for Scotland: set up in 1975 is independent of both central and local government. The Commission assesses whether local authorities, fire and police boards spend £9 billion of public money properly and effectively.
2. Elected members will be expected to address their responsibilities for performance improvement by adopting a robust and challenging approach to the ongoing scrutiny of all Council activities.
3. Community Planning aims to gain a commitment from public bodies to work together to provide better services including local councils, police and fire services, economic development agencies, housing providers and NHS bodies.
4. Sustainable development is the responsibility placed on local authorities to meet present needs without compromising future resources.
5. The new trading rules which have been introduced by the 2003 Act include obligations for councils to: Conduct business in an appropriate and competitive manner; to take account of the potential economic impact of its activities on the local business community and others; keep trading accounts under proper accounting practice in order to provide a transparent audit trail.