

The Best Value audit

A rounded assessment of council performance

In July 2004, the Accounts Commission began a rolling programme of in-depth audits on local authorities in Scotland. The Audit of Best Value was introduced in response to the Local Government in Scotland Act 2003, which gives local authorities 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 instructed Audit Scotland to produce the Best Value audit reports. These provide an overall picture of each council's performance and give the public an independent view on whether their council is achieving continuous improvement.

Best Value audit reports have been published on about two thirds of councils so far.

A collaborative yet independent approach

The Best Value audit does 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 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 clearly identify that, and councils are urged to take remedial action.

The Commission's approach to developing the Best Value audit is 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. A

consultation process is currently underway to review the Best Value audit work carried out so far and plan for future audits.

The Commission is independent of local and central government and acts in the interests of the general public. Its main objective for Best Value audits 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 is carried out by members of Audit Scotland's Best Value team. The council's external auditor, who works with the council on an ongoing basis, is a full member of the team. The audit addresses the council's corporate activities and services and a small number of key areas are selected for more in-depth examination in each case, depending on individual circumstances. Each audit report is therefore tailored and quite distinctive. They are likely to cover different issues each time. This makes 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 provides 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 then looks for evidence to challenge or confirm the council's own assessment. This is done through a mix of interviews, attendance and observation at committee and other meetings, through reviews of key documents and performance information and through surveys and meetings with council staff.

The process is designed to be robust, while minimising bureaucracy and duplication.

As Best value and Community Planning encompass all the activities of a council it is not realistic to audit everything in depth, so detailed work is planned in two ways. Firstly, where possible, it draws on the findings of other scrutiny processes, such as the work carried out by the council's external auditors and by inspectorates. These are incorporated into the report. Secondly, certain aspects of the council's performance are selected for detailed audit investigation. A wide range of sources, including the council's own assessment of its performance and existing information, reports issued by external audit and inspections, and national Statutory Performance Indicators, informs this selection.

The scope of the audit report

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

The report covers arrangements to continually improve performance with regard to matters such as 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 tries 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 is normally published together with findings from the Commission. The report is made available to local citizens through libraries, the internet and the media and distributed to MSPs, MPs, civil servants and consumer groups. However where there are concerns about the council's commitment to Best Value and/ or there is disagreement between the councils and auditors about the content of the report, the Commission may decide to:

- 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.

Following the audit, the council is asked to prepare an Improvement Plan in consultation with the audit team, outlining the action it intends to take to address any issues highlighted in the report. This plan is then subject to regular checks in the year after the main audit to ensure that acceptable progress is being made.

Once a report has been published, Audit Scotland continues 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 inform the Commission's annual Local Authority Overview reports. 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.

Notes to editors

1. Elected members are expected to address their responsibilities for performance improvement by adopting a robust and challenging approach to the ongoing scrutiny of all Council activities.
2. 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.
3. Sustainable development is the responsibility placed on local authorities to meet present needs without compromising future resources.
4. The new trading rules 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.