



membership resources

Briefing 08/25

May 2008

Overview of the local authority audits 2007

To: All Chief Executives, Main Contacts and Email Contacts (Scotland)

CC: All Chief Executives, Main Contacts (England, Northern Ireland and Wales)

A report by Audit Scotland

Key issues

The Audit Commission recognises the general improvement achieved by local authorities.

Councils need to increase their focus on key areas to meet the challenges ahead.

The report draws on the 2007 audit work to highlight strengths and areas for improvement.

There is continuous change and more pressures on services and resources

1. Introduction

The latest report from the Audit Commission shows that local government in Scotland continues to face and address significant challenges and the Commission recognises the general improvement which has been achieved. They particularly welcome:

- Progress in service delivery, such as a further increase in the amount of waste which is recycled and composted to over 28%
- The general picture of sound financial accounting and reporting
- Scrutiny more embedded than before
- A further improvement in the trend of in year council tax collection, with almost 94% of the amount due for 2006/07 collected during the year

The overall context for councils is one of continuing change and pressures on resources, in particular:

- The concordat between the Scottish Government and COSLA and in particular the shift to an outcomes-based approach means that councils and their partners will need to give renewed focus to ways they can demonstrate improved services for customers and citizens
- The pressure on budgets is likely to lead to difficult choices for councils at a time when the shift to single status is still far from complete. This highlights the importance of robust long term financial planning which is risk based and sustainable

If councils are to meet the challenges ahead they will need to increase their focus on a number of key areas including:

- Supporting and developing leadership skills and capacity

- Demonstrating the net benefits from community planning, other partnership working and shared business support services
- Taking a more strategic approach to resources which informs and integrates finance, workforce and asset planning
- Stronger commitment to testing the competitiveness of services and to continuous improvement
- Developing robust baseline data against which improvements in service delivery can be measured and demonstrated
- Improving performance management significantly to demonstrate delivery of the outcomes approach

The report provides an overview of the main issues arising from the Audit Commission work in local government in 2007. It draws on a range of sources to identify common features in the management and delivery of services and to highlight strengths and areas for improvement. Key messages in the report include:

- The political context for local government has changed significantly, with a new government and a shift to more coalition and minority administrations at councils. Almost half of the councillors elected in May 2007 are new to local government; and will need continuing support to carry out their roles effectively
- The government is committed to giving councils more flexibility in return for a focus on outcomes which are important to the achievement of national priorities. The concordat between the government and COSLA signals the start of what are likely to be significant changes for councils
- Best Value audits are contributing to better governance, but councils could make faster progress with their improvement plans
- Councils need to keep their political and business management processes under review to make sure that they are effective in the new context and meet the needs of citizens
- Councils need to do more to demonstrate that the time invested in developing community planning and other forms of partnership working is resulting in improved services
- In delivering services through external organisations such as companies and trusts, councils need to ensure good governance and to maintain clear accountability for finance and performance

The document can be viewed in full at:

www.audit-scotland.gov.uk/work/local_national.php?year=2008

2. Local government in Scotland

Scotland's 32 councils have a key role in providing community leadership. They deliver a

wide range of services including education, social work, housing, roads, refuse collection and leisure services. They are also responsible for regulatory and licensing activities such as planning and environmental health. In addition, 41 related organisations provide local public services such as police services and fire and rescue services.

Councils vary widely in the area that they cover and in the size of the population they serve. There are also wide variations in the age profile of their populations, levels of deprivation and other factors which affect the way councils plan and deliver services.

These vital public services delivered directly or in partnership with others, involve substantial resources. Councils spend around £16 billion each year, employ around 258,000 full-time equivalent staff and use assets worth about £22 billion.

Councils are accountable to their local electorates and are independent of central government. But they need to take account of national priorities and balance national objectives with the local priorities of their communities.

The Commission is consulting councils and other stakeholders on the changes that should be made in the second round of Best Value Audits, the key principles being:

- A focus on outcomes as well as corporate principles
- Reflecting the experience of citizens and service users
- Demonstrating community leadership
- More proportionate audit and more self assessment
- Improved audit reporting and transparency
- Rolling out good practice

3. Community planning and partnership working

Councils continue to explore opportunities for partnership working as they seek new ways of providing services and sharing resources to better meet the needs of their communities and deliver efficiencies. It is noted that considerable staff time is spent in activities connected with partnership working and councils need to be able to demonstrate the benefits of this through improvements in services. Community planning provides an opportunity to develop a coordinated and strategic approach to partnership working. The Audit Commission national report included recommendations for councils and their partners which contained an evaluation framework to help partnerships and partner organisations to improve the effectiveness of their community planning activities.

All councils have considered the report's recommendations although the approach and progress achieved varies. Some are developing action plans and improvement agendas to take forward the specific recommendations for partnerships and have decided to adopt

the community plan as their overarching strategic plan and have aligned individual service plans accordingly. But, in general, The Commission's work suggests a need to improve the links between community planning and other planning activity. More also needs to be done to ensure that both performance management and risk management are extended into community planning activities.

Developments in partnership working include:

- Community Health Partnerships (CHPs), which involve councils and health boards working together to devolve decision-making for health care and social services.
- Regional Transport Partnerships (RTPs), which plan and deliver regional transport to serve better the needs of people and businesses.
- Community Justice Authorities (CJAs), which plan, coordinate and report on the delivery of justice-related services by local partners.

There is some evidence that CHPs are encouraging new thinking on service delivery, creating the environment for better use of overall resources and contributing to the drive for more joined-up services across the public sector. However, more work is required to demonstrate efficiencies and improvements for services users. RTPs and CJAs are more recent developments and it is too early to assess their contribution to improvement.

Five Community Health and Care Partnerships (CHCPs) have been established in the Glasgow City area. Although at an early stage, an audit review concluded that partnership working has already demonstrated improvements.

The environment for community planning and partnership working is complex and is likely to become more so as the process of public sector reform continues. Councils will continue to have a central role, working with new and different partners in the public, private and voluntary sectors.

The recent move to an outcomes-based approach raises the importance of effective community planning and partnership working between councils and other local service providers. The national strategic outcomes and indicators in the concordat cover activities that are not delivered exclusively by councils and achieving progress will require joint working between partners at a local level.

There is still a good deal of work to be done to clarify how outcome agreements will work in practice. Key issues to be resolved include the accountability arrangements for councils and their partners and the amount of information about services, as well as high-level outcomes, that councils will need to publish in order to fulfil their statutory duty of best value. Successful outcome agreements are likely to build on existing community planning arrangements, with partnerships and plans updated to ensure that the new commitments are met.

4. Performance management

An effective corporate performance management system is essential to enable elected members and senior managers to form an overall view of how their council is performing across all areas of activity. Councils also need to know how their services are performing before they can demonstrate that they are achieving Best Value through continuous improvement.

The Best Value work carried out by the Commission shows that performance management is a high priority for councils with most continuing to develop their performance frameworks. Key features of better performing councils are a systematic approach, with regular consideration of performance reports by senior council officers, and where performance and trends are tracked over time. In contrast, performance management is less effective where there is no consistency of approach across the council, no measures of customer satisfaction, a lack of comparative information and an over-reliance on the Statutory Performance Indicators (SPIs).

The information available to monitor performance is variable in quality and volume across councils and services and there is scope for more use of local measures, targets and comparative information. Overall, councils need to develop a culture where options for improvement are identified and openly discussed; where self-assessment of service performance is used to get a clear understanding of strengths and weaknesses; and where performance is constructively challenged.

The council profiles show performance for a wide range of services using information taken from the SPIs. Although they do not provide a comprehensive picture of performance they highlight the comparative performance of councils in 2006/07 and the change in performance over time against 82 measures. Of the 51 measures that allow comparison between 2004/05 and 2006/07, 21 show an overall improvement of at least five per cent and ten show a deterioration of at least five per cent. Continuous improvement is more difficult where performance is already at a relatively high level.

The 2006/07 direction included several changed or new SPIs that will show how councils are improving their services over time:

- By making use of the antisocial behaviour and other legislation for handling of domestic noise complaints
- For dealing with abandoned vehicles
- In managing council house rental income, helping tenants to avoid falling into arrears and recovering arrears from current and former tenants
- For raising the academic achievement of looked after children.

5. Conclusion, priorities and risks 2008

APSE believes that local government faces an environment of major change as the new council administrations become more established and the national process of public service reform evolves. Best Value requires continuous improvement in council services while community planning raises significant challenges in relation to joint working across the public sector. The focus in managing service performance is shifting from processes and procedures to outcomes for service users and citizens.

With this background, the context will be one of increasing pressures on resources and demands on services which will increase the need to find greater efficiencies. Councils will continue to face difficult choices in deciding which services to provide and at what level. It will be critical that the process of allocating limited resources is integrated with this and that decisions are based on robust intelligence about how much services cost to deliver.

Public audit supports the democratic scrutiny of local government and contributes to improvement. Best Value audits have brought a new level of accountability in individual councils and have focused attention on critical areas such as leadership, openness and performance management. Best Value audits reach conclusions about councils' corporate performance and how well they are supporting continuous improvement in their performance. The Accounts Commission is consulting councils and other stakeholders in preparation for the second round of Best Value audits.

APSE is at the forefront of addressing Pl's through their Performance Networks. This is a dynamic performance measurement model used widely by local authorities across England, Scotland, Wales and Northern Ireland. Established in 1998, in response to the new demands and challenges facing local government from best value; today Performance Networks is the largest voluntary public sector benchmarking model of its kind, with 219 local authorities currently in membership and over 900 facilities registered for Sports & Leisure Facility Management.

With nine consecutive years of management information available in the Performance Networks database; there is a wealth of cross-service performance and trend data available to local authorities. Developed and led by practitioners, the model allows local authorities to set targets for continuous improvement, both over time and in comparison with the achievements of others. This information underpins the assessment of current performance, within the context of an effective system of Performance Management. Performance Networks has passed an independent review which found that the model meets data quality standards acceptable to the Audit Commission and the model now provides performance information for CPA (Comprehensive Performance Assessment).

APSE would welcome any comments this, which should be sent to ptaggart@apse.org.uk

Pat Taggart
Principal Advisor