



Briefing 09/26 May 2009

Best Value Two Consultation

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

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

Key issues

A focus on outcomes as well as corporate performance management processes.

An emphasis on the effectiveness of partnership working

Improved coverage of service performance and the use of resources

A proportionate and risk-based approach, founded on self-assessment.

Clear audit reporting and transparency of audit process.

Support for improvement and the sharing of good practice.

1. Introduction

This briefing is intended to highlight some of the major proposals for change regarding the Accounts Commission's next phase of Best Value audits (BV2) of all Scottish Councils, which is currently open for consultation.

Best Value and Community Planning audits have been carried out by Audit Scotland on behalf of the Accounts Commission in all of Scotland's councils. According to the Accounts Commission, this has improved accountability within local government as well as highlighting unsatisfactory performance by bringing it to public attention.

However, the Accounts Commission have singled out a number of improvements that could be made to the overall audit approach. These improvements include the following:

- self evaluation and improvement support should feature more strongly in the audit.
- there should be a greater focus on services, outcomes and partnership working.
- reports produced should be clearer and easier to read.

The proposals for change, take into account the concordat between local and national government, the scrutiny reform agenda and include a proposal for jointly carried out shared risk assessments along with Her Majesty's Inspectorate for Education, the Social Work Inspection Agency, the Scottish Housing Regulator, the Care Commission, NHS Quality Improvement Scotland and Her Majesty's Inspectorate of Constabulary for Scotland.

Further information on Best Value 2 Proposals for Consultation, as well as the Consultation itself can be found at the following: www.audit-scotland.gov.uk

Please note, the consultation closes on **31 May 2009**.

2. Consultation proposals

The Best Value audits (BV1) were carried out in response to the Local Government in Scotland Act 2003, which made continuous improvement by local authorities, law. With a combined annual spend of around £17billion each year, full-time staff of 258,000 and assets worth in the region of £26billion, a strong focus on how councils use their resources is increasingly important in light of the current economic difficulties. The audit process was designed to establish how well local authorities were being run, how good their services are and whether they were using public money well.

BV2 will continue to ensure public accountability of local authorities and support improvement in local services, whilst continuing to seek assurance that public money is being spent efficiently and effectively. It will scrutinise the quality of local services, assess how safe people feel and investigate what support is available for vulnerable individuals such as the homeless and older people. It will also provide a measurement of the overall quality of the local environment.

Key areas will be the councils vision and strategic direction, partnership working and community leadership, community engagement, governance and accountability, performance management and improvement plus its use of resources.

Reports will focus upon the quality and efficiency of local services, how quickly they are improving and whether or not they are responsive to local needs.

It is intended that BV2 will:

- Be more proportionate and risk based
- Be the focus of more streamlined scrutiny
- Introduce clearer judgements of council performance
- Include a clearer assessment of how council services perform
- Have a stronger focus on partnership working
- Listen more closely to what local people have to say
- Involve senior officers and elected members (from other bodies) in audit teams
- Provide greater support for improvement

This will be achieved by placing a much stronger emphasis on the range and quality of information that councils provide about how they are improving and performing. There will be shared-risk assessments undertaken with other local government scrutiny bodies. Also included will be judgments based upon pace of change and capacity for future improvement. There will be an assessment of how well councils are working with partner organizations such as police, fire and rescue and the voluntary sector. It intends to examine how local authorities assess and respond to the views of the public. Provision will be made for the inclusion of peers in audit teams carrying out corporate assessments of local authorities and overall access to guidance and examples of best practice will be provided and strengthened.

Some of the main areas that the consultation focuses upon are

- Self Evaluation
- Local Performance Management Models
- Citizen Engagement
- Peer Involvement
- Inspection Fees
- Sustainability

3. Conclusion and APSE comment

APSE thinks that the independent audit and inspection of public services is vital and that public services should be highly transparent and accountable. APSE supports best value as a method of improving public services and welcomes the recognition by Audit Scotland of that many councils have made good progress since best value was introduced on a voluntary basis 10 years ago and on a compulsory basis via legislation 6 years ago. The consultation recognises that best value has been a powerful force in *"improving performance and accountability in local government, identifying good practice and also shining a light on those councils where performance is unsatisfactory"*. An independent review of BV1 found that overall it was well established, credible and effective. However, it did highlight a number of areas where improvements could be made, which will be incorporated into the changes set through BV2. It is intended that BV2 will continue to promote public accountability and support improvement, independent of both Scottish ministers and the Scottish Parliament, whilst continuing to play a role in the improvement of public services.

The consultation highlights that there will be a much stronger emphasis on self-assessment and on the range and quality of information that councils provide about how they are performing and improving. This is welcomed by APSE as local authorities have developed comprehensive systems to manage performance over the past 10 years which should be used and this will ultimately lead to a reduction in duplication. As a result, systems that have been developed and refined over the years by local authorities such as APSE's performance networks will be an invaluable tool in BV2 (<http://www.apse.org.uk/performance-network.html>)

Audit Scotland has asked for views on their approach to the use of self evaluation evidence within the process. They are proposing to issue guidance on the scope and coverage of self-evaluation, but will not require a particular self-evaluation methodology or template. APSE agrees that Audit Scotland should not prescribe which methodology should be used by councils but instead APSE proposes that a broad range of indicators across the performance spectrum of input, process, output and outcome measures should be used and that the methodology used should meet a set of quality criteria, particularly in relation to validating the data. In addition, a combination of measures which assess council services in relation to past performance (trends) and comparisons with like-for-like organisations should be used to assess both positional and improvement information. A key part of any performance framework is to learn from the information, to identify best performers and to disseminate this; therefore, APSE supports the need for disseminating good practice and using this as a tool for improvement.

Many aspects of this consultation represent a natural progression in a continuous improvement environment; including a reduction of inspection with the development of lighter touch external audit and more peer review. A shared risk-assessment approach developed jointly with HMIE, SWIA, the Care Commission, the Scottish Housing Regulator, NHS QIS, and HMICS is welcomed by APSE to reduce the burden

and potential duplication of work. APSE believes that inspection fees should be proportionate and inspection should be proportionate to the risk so that resources are directed to those areas in need. APSE also agreed that greater support for improvement should be provided to local authorities where they are under-performing.

One of the main new features of BV2 is the use of judgements for reporting council performance, in relation to the following:

Judgement	Key evidence sources
Direction and pace of change	<p>This judgement would be constructed around analysing performance trends over time, based on audit evidence gathered as part of the BV2 audit process and the councils own performance and self evaluation data. It will include follow-up to BV1 audit recommendations, quantitative analysis of performance data (SPI and a range of other service performance data trends and outcome data), the achievement or otherwise of local improvement targets, and assessing progress against previous inspection reports. Assessing the pace of change will reflect and take into account local circumstances.</p>
Capacity for future improvement	<p>This judgement is likely to take significant account of the qualitative assessments of organisational leadership and the extent to which a continuous improvement culture has been established. It would be based on BV audit assessments of:</p> <ul style="list-style-type: none"> • the quality and effectiveness of the council's performance management systems and processes • local scrutiny and challenge arrangements • the emphasis, in terms of time and other resources, that the organisation has given to improvement activity (including self evaluation) • how effectively it has improved services. <p>The council's self awareness, as reflected in its self-evaluation and any subsequent audit work, would also be important factors influencing the judgement, as would be the outputs from the annual risk-assessment process.</p>

Source: Best Value 2, Audit Scotland, March 2009

Audit Scotland has stated that they do not favour using a single score for a council, but we are keen to introduce clearer formal Best Value audit judgements. However, they have stated in the consultation that "both proposed judgements would also reflect inspectorates' judgements of leadership and capacity for improvement in the main council services: education, social work and housing" (page 16). APSE would disagree with solely focusing on these council services - it should not be Audit Scotland who decides which services are the most important to the local community. A notable

omission is environmental services which are one of the most visible services for the public and have a massive influence on both the public's quality of life and how the council is judged.

Audit Scotland have also stated that "we have not yet decided how to report 'direction and pace of change' and 'capacity for future improvement' judgements. Our options range from bespoke narrative judgements, through template narrative judgements to codified text (for example 'weak' to 'excellent')" (page 16). APSE would urge Audit Scotland to learn from the lessons of Comprehensive Area Assessment in England that there are dangers in using crude labels such as the demoralising effect that these have on councils who were labelled as 'weak' plus the problems associated with basing this score on a limited number of council services as described above. However, on the other hand, this approach in England has probably helped drive and recognise improvement in England, the results of which by 2006, 79% of councils reached the top two star rating categories.

Audit Scotland have indicated that they will have a stronger focus on partnership working and will assess how effectively councils are working with other partner organisations, such as police and fire and rescue services, the NHS and the voluntary sector. APSE believe that it is important to ensure that in moving towards more outcome and local area based targets, the local council is not judged for services provided through these other bodies that are out of their control.

In relation to citizen engagement, APSE is committed to a partnership between the local council, its employees and the community and welcomes the involvement of relevant stakeholders. However, Audit Scotland need to safeguard against proposing consultation or feedback methods which favour the views of a minority, such as enthusiastic amateurs or even extremists. Therefore, in measuring outcomes, a range of methods should be used including surveys such as the tried and tested surveys developed by APSE.

APSE favours the involvement of senior officers and elected members from other bodies (that is, peer review) within audit teams. This provides the benefits of learning directly from others and providing additional expertise from those involved in delivering services. This approach has been used in Wales through the Wales Programme for Improvement and councils may benefit further from speaking to colleagues in Wales on the benefits of this approach.

The BV2 consultation paper provides the opportunity for stakeholders to have an input into the form BV2 will take when it is finalised and commenced. The consultation closes on **31 May 2009** and is available for completion at www.audit-scotland.gov.uk. APSE would welcome any comments to this, which should be sent to gmooney@apse.org.uk

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