

Report

Report to:	Performance and Review Scrutiny Forum
Date of Meeting:	19 March 2024
Report by:	Chief Executive

Subject:	Best Value in Scotland
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ present a summary of the recent Audit Scotland report, Best Value in Scotland, which reflects on 20 years of auditing Best Value and next steps for Best Value reporting in Scottish Councils

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the key messages within the report be noted.

3. Background

3.1. The Best Value (BV) in Scotland report, published in September 2023, provides a summary of how the BV audit approach has evolved and assesses its impact in driving improved performance, better governance, better use of public money and use of resources since its introduction in 2003.

3.2. This report summarises the key messages and areas for further work identified by the Accounts Commission.

4. Best Value Audit in Scotland

4.1. BV was first introduced by the United Kingdom (UK) Government in 1997. Although BV was a UK-wide development with very similar underlying principles in Scotland, England and Wales, the approaches taken are distinct. In Scotland, councils have a statutory duty to demonstrate BV, introduced in the Local Government (Scotland) Act 2003.

4.2. Audit Scotland began auditing BV in November 2003. Over the period 2004 to 2008, a BV audit report was published on each of the 32 Scottish councils.

4.3. In 2007, an independent review of the BV audit process was undertaken. The overall conclusion of the report was that the BV audit process had been effective in broad terms, reinforcing the value of external scrutiny. The review noted that the focus on councils' corporate activities was highly valued and that the BV audits had a significant impact on local authority corporate performance, on council leaders, and in stimulating action to improve poorly performing councils.

- 4.4. In 2008, the Accounts Commission adjusted the approach to be more risk based and balanced to reflect the individual context and issues for each council. This new approach was known as “BV2” and the first audits under this approach began in 2010.
- 4.5. Due to the proportionate and risk-based approach for BV2, 19 councils received a BV audit report during BV2. The Commission was provided assurances on the progress against BV through the Annual Audit Reports (AARs) for the 13 councils that did not receive a BV audit during BV2. South Lanarkshire Council was one of those that did not receive an audit under BV2.
- 4.6. In 2015, the Commission undertook a further review of its approach to auditing BV and a revised approach began in October 2016, with the first BV Assurance Report (BVAR) being published in June 2017. Between October 2016 and September 2022, 32 BVARs were completed – South Lanarkshire Council’s being published in 2018.
- 4.7. Since September 2022, a new approach has been implemented which revolves around the publication of Controller of Audit Reports (CoA) on selected councils each year, with all councils being covered by CoA reports within a 5-year cycle.
- 4.8. The first messages emerging from the new approach are the subject of separate papers to this Forum.

5. Key Messages

- 5.1. Reflecting on the lessons learned over 20 years of auditing BV, the report picks out several key messages:-
 - ◆ The introduction of Best Value (BV) in 2003 was a substantial change for many councils and they have responded well to their BV duties, implementing and embedding BV and delivering efficiency improvements and savings through a period of considerable change. They have faced major wider policy developments, reducing resources and budget constraints along with the impacts of changing demographics and increasing demands.
 - ◆ The Accounts Commission’s BV approach has had a crucial role in holding local government to account, shining a spotlight on what is working and what needs to improve. Councils use BV audit findings to drive improvement which is monitored through the annual audit process and through specific follow-up work in individual councils. The Commission has recognised, through consultation with stakeholders, areas for improvement with the BV approach, enabling the process to continually mature and develop. The BV process will continue to evolve and remains the foundation of the Commission’s work in local government, assessing how individual councils are securing and delivering BV, as well as reporting nationally on specific themes.
 - ◆ BV has driven significant improvements in local government, including performance management, partnership working and community engagement. However, there are areas where progress has been made, but not fast enough, including strategic and collaborative leadership, public performance reporting, workforce planning, medium to long-term financial planning, scrutiny and the pace and depth of continuous improvement. These are areas where we will continue to focus our attention.

- ◆ Looking forward, councils need to make some difficult decisions on what their future priorities will be and how they will deliver services. They will need to challenge old ways of doing things and take urgent action to reform. BV is about more than good governance and managing resources effectively. It is also about improvement, change and delivering services that improve the outcomes for local people.
- ◆ Councils will not be able to respond to all the challenges they face by themselves – to succeed a whole system approach to change is needed involving partners and communities.

6. Areas Where Further Progress is Required

- 6.1. BV audits have had a positive impact on local government, but have also identified some recurring themes of BV that require further progress. Some of these will feed into the annual thematic work which will be undertaken under the new approach to the Audit of BV.

Table 1: areas requiring further progress

Strategic Direction	
Leadership	<ul style="list-style-type: none"> ◆ Councils need to make difficult decisions on what their priorities will be in the future and on how they deliver services. Effective leadership by councillors and senior officers will be crucial to setting clear priorities and robust planning to deliver them. ◆ Councils need to make difficult decisions on what their priorities will be in the future and on how they deliver services, to deliver the best possible outcomes for local people.
Governance and accountability	<ul style="list-style-type: none"> ◆ Councils' governance arrangements need to ensure that elected members have sufficient information to support effective scrutiny and decision-making to deliver BV.
Use of Resources	
Performance management	<ul style="list-style-type: none"> ◆ Councils will need to make difficult choices about what their service and performance priorities are. Strengthening the use of data and consulting and involving communities, especially the experience of service users, will be critical to informing these decisions. Councils need to improve performance monitoring and reporting on outcomes. Councils will need to seek innovative ways to deliver services to maintain or improve service performance.
Financial management and planning	<ul style="list-style-type: none"> ◆ Councils need to set out medium to long-term financial plans that detail:- <ul style="list-style-type: none"> • how they will make recurring savings and reduce reliance on reserves to fill budget gaps • how council resources are targeted to achieve their long-term policy and performance priorities.
Workforce	<ul style="list-style-type: none"> ◆ Councils need to improve workforce planning to effectively develop and deploy their existing workforce. This includes:- <ul style="list-style-type: none"> • building the capacity, skills, strategic thinking and comprehensive workforce data needed for effective workforce planning • updating workforce plans to reflect new models of service delivery and ways of working.

	Workforce innovation is the focus of the Commission's annual BV thematic work for 2023/2024.
Asset management	♦ The delivery of councils' capital programmes form a necessary component of modernising services to deliver improved outcomes for local communities. Good strategic medium to long-term asset management planning is essential for how council assets will be used to deliver improved outcomes for local communities.
Information	♦ Councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources. This includes equalities data and learning from those with lived experience.
Partnership Working	
Community Planning and wider partnership working	♦ Councils need to maximise the potential of collaboration by demonstrating they are working with other councils, the wider public sector and the third sector to redesign and provide services. Councils must now rethink how they work together, and with local partners and communities, to provide financially sustainable services whilst tackling national issues such as climate change, child poverty and inequalities. Few councils provide services jointly or share support services across different councils.
Communities	♦ Councils continue to be at the forefront of supporting people and mitigating the impact of inequalities across communities, they should be more transparent with the public about scale of service demand, the extent of backlogs and changes to eligibility criteria necessary to ration access to services and any impact this has on unmet need. Councils need to involve service users and local communities in the redesign of services and support communities to improve local outcomes.
Continuous Improvement	
Transformation and reform	♦ Councils need to challenge old ways of doing things and take urgent action to reform. BV is about more than good governance and managing resources effectively. It is also about a focus on improvement, on change, on delivering services that improve the lives of local people.

7. Next Steps and Recommendations

- 7.1. Officers of the Council will continue to review Accounts Commission publications as they are published to learn any lessons for the Council. Reports on any significant findings and key messages will be brought to the Forum for information.

8. Employee Implications

- 8.1. There are no direct employee implications.

9. Financial Implications

- 9.1. There are no direct financial implications.

10. Climate Change, Sustainability and Environmental Implications

10.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

11. Other Implications

11.1. Considering the detail of the report and identifying actions as appropriate contribute towards effective risk management.

12. Equality Impact Assessment and Consultation Arrangements

12.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.

12.2. There is no requirement for consultation on the content of the report.

Paul Manning
Chief Executive

29 February 2024

Link(s) to Council Values/Priorities/Outcomes

- Ambitious, self-aware and improving

Previous References

- None

List of Background Papers

- None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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