

# Auditing Best Value in Councils



 AUDIT SCOTLAND

Prepared by Audit Scotland  
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# Audit Scotland

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

## The duty of Best Value for councils

**1.** Councils have a statutory duty, introduced in the [Local Government \(Scotland\) Act 2003](#), to make arrangements to secure Best Value. In summary, under this legislation each council is obliged to:

- work with its partners to identify a clear set of priorities that respond to the needs of the local community
- be organised to deliver those priorities
- meet and clearly demonstrate that it is meeting the community's needs
- operate in a way that drives continuous improvement in all of its activities.

**2.** [Statutory Ministerial Guidance](#), published in 2004, sets out the fundamental framework for councils in delivering the duty and consequently for auditing Best Value. The guidance is descriptive rather than prescriptive in nature. This recognises that the context, communities and circumstances of each local authority are different and therefore how it achieves Best Value should reflect these. The guidance is set out under the following ten headings:


- Commitment and leadership
- Responsiveness and consultation
- Sound governance at a strategic, financial and operational level
- Sound management of resources
- Use of review and options appraisal
- Competitiveness, trading and the discharge of authority functions
- A contribution to sustainable development
- Equal opportunities arrangements
- Joint working
- Accountability

**3.** The fundamental characteristics of Best Value remain relevant to good public service delivery and are as important today as when the legislation was enacted in 2003. However, the statutory guidance is now over 12 years old and is in need of a refresh to reflect more current language, as well as contextual and policy issues. The Scottish Government is currently reviewing the guidance with the aim of producing refreshed guidance in 2017. Our audit arrangements and reporting will be amended to reflect any changes made.

## Auditing Best Value in councils 2004–2016

**4.** In response to the enactment of the duty in 2003, on behalf of the Accounts Commission, Audit Scotland began auditing Best Value in 2004. Between 2004 and 2008, we produced Best Value audit reports on all 32 councils.

**5.** In 2008/09, the Accounts Commission undertook a review and as a result, the approach to auditing Best Value was adjusted to be more proportionate and risk-based. This new approach targeted audit resources on councils identified through a risk assessment process as requiring Best Value audit activity on specific Best Value characteristics.

**6.** All of the Best Value reports produced since 2004 are available on the [Audit Scotland website](#) .

### **Auditing Best Value in councils 2016+**

**7.** In 2014/15 the Commission undertook a second review of its approach to auditing Best Value. The Commission concluded that a new approach to auditing Best Value should:


- have a focus on driving the pace and depth of improvement in local government
- also have a focus on the quality of service experienced by the public and outcomes achieved for communities
- continue to underline the importance of good governance, including effective scrutiny arrangements
- produce more frequent assurance on Best Value across all 32 councils.

**8.** The Commission wants the audit work to reflect the local context as well as the shifts in the wider local government landscape, such as an increase in partnership working, an increase in the use of external organisations to deliver services, Health and Social Care integration, the economic recession and significantly reduced public spending, the Community Empowerment Act and an increase in coalition politics across many councils.

**9.** The audit approach developed in response to the Commission's expectations will also:

- continue to have the requirements of the statutory duty at its core
- continue to be proportionate and risk-based in the scope of work for each council audit
- have an increased focus on each council's level of self-awareness and its approach to self-evaluation to support improvement
- have less emphasis on the councils' processes and more on the impact of these in terms of the quality of services, performance and outcomes for communities.

**10.** Many of the changes are about how we work. We are integrating different aspects of our audit work in local government so that we are making the best use of the work and the skills of the auditors. This means we can remain proportionate and risk based in the work that we do but produce more regular assurance on a wider scope of issues at each council.

**11.** Each year some aspects of Best Value will be considered through the annual audit work undertaken at each council. The evidence will be considered and judgement and recommendations made in the annual audit report. Annual audit reports are submitted each year by the auditors to the councillors of each council and to the Controller of Audit for Scotland. The reports are all available on the [Audit Scotland website](#) .

**12.** The Controller of Audit will bring an annual Assurance and Risks report to the Commission. This report will summarise the findings from all audit work, intelligence gathering and risk assessments undertaken across local government by auditors and scrutiny partners.

**13.** At least once every five years, a Best Value Assurance Report (BVAR) will be produced on each council. This will draw on all of the audit and scrutiny work undertaken to date at a council. The reports will summarise the evidence, giving judgements on how effectively each council is demonstrating that it is delivering Best Value. The scope of each BVAR will be different and focussed on the key priority activities and risk areas in the particular council. Each report will aim to set out responses to:

- Does the council have clear strategic direction?
- How well is the council performing?
- Is the council using its resources effectively?
- Is the council working well with its partners?
- Is the council demonstrating continuous improvement?

**14.** The reports will also consider the Accounts Commission's current Strategic Audit Priorities:

- The clarity of council priorities and quality long-term planning to achieve these.
- How effectively councils are evaluating and implementing options for significant changes in delivering services.
- How effectively councils are ensuring that members and officers have the right knowledge, skills and time to lead and manage delivery of council priorities.
- How effectively councils are involving citizens in decisions about services.
- The quality of council public performance reporting to help citizens gauge improvement.

**15.** The BVARs will be submitted to the Accounts Commission by the Controller of Audit and the Commission will then choose how it wishes to respond. The Accounts Commission's response will be published in the report. The Commission can:

- state its findings on the report
- direct the Controller of Audit to carry out further investigations
- hold a hearing.


**16.** The new approach began in October 2016. Each year we will publish around six or seven BVARs. The first reports will be published on the Audit Scotland website between June 2017 and February 2018. The first reports will be about:

- Inverclyde Council
- Renfrewshire Council
- East Renfrewshire Council
- West Lothian Council
- Orkney Islands Council
- Clackmannanshire Council.

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This report is available in PDF and RTF formats,  
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[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

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