



Best Value 2 consultation

Response by COSLA and SOLACE (Scotland).

Introduction

1. COSLA and SOLACE (Scotland) welcome the opportunity to contribute to the Accounts Commission's consultation on BV2. We look forward to seeing how work with the Pathfinder councils develops, and to engaging with the Commission as it further develops its proposals for BV2.
2. We welcome the general approach that is proposed within the consultation document. We are supportive of the more proportionate, risk-based approach that is outlined, and agree that self-evaluation should be at the heart of the risk-assessment process. The end of cyclical audits is similarly welcome.
3. For COSLA and SOLACE (Scotland), a prime consideration is to ensure that these arrangements do indeed result in a reduction to the overall scrutiny burden applied to local government. We therefore seek reassurance from the Accounts Commission that the proposed approach will result in a significant and quantifiable reduction in the time and cost associated with scrutiny, in the near future.
4. A fundamental issue is that BV2 is being introduced in a recessionary context. Notwithstanding the fact that driving improvement remains a key element of the continuous improvement agenda, the economic climate means that the dynamic for local authorities will inevitably move towards maintaining and protecting services. It is therefore vital that BV2 is aligned to the agenda in which local authorities are currently operating, and that audit teams fully understand the financial pressures facing Scottish local government. In situations where budget cuts and/or service changes have taken place, it is important that BV2 Audit Reports avoid the unintended consequence of becoming lobby documents for particular service areas.

Improvement

5. By virtue of its unique access to Scotland's 32 local authorities, Audit Scotland has a significant role to play in supporting improvement through the identification of good practice. We would argue strongly that those resources that are freed up as a result of the reduction in scrutiny should not be held centrally by scrutiny bodies for improvement purposes, but should be transferred to local government to support service provision.

Single Corporate Assessment

6. We are supportive of the proposal to introduce characteristics of a Best Value council. The characteristics set out in the consultation document provide

greater clarity as to how a Best Value authority is defined, and will support councils in carrying out their own self-evaluation.

Partnerships

7. We welcome the Commission's commitment to increasing its focus on partnership working in BV2. While welcoming this direction of travel, we are of the view that further progress could be made in this area, as the proposed approach to auditing partnership working appears to focus on matters of governance rather than partnership performance. Specifically, we would wish to see a move towards a more joined-up approach to auditing the partnership, with all Community Planning Partners being subject to the same Best Value duty, rather than the development of further Best Value regimes for other areas of the public sector.

Peer involvement

8. We support the Commission's proposals to facilitate peer involvement in the audit process, considering this to be a valuable means of building capacity and credibility within audit teams. It is important that those involved have a suitably clear remit, and that appropriate training is provided in order to ensure consistency and quality amongst audit peers. Moreover, audit peers should be of an appropriate level of seniority within councils in order to bring a corporate perspective and a detailed understanding of local government to the audit process: officer involvement should be at Chief Executive or Depute Chief Executive level, while Elected Member involvement should also be at a senior level.

Grading/scoring

9. We would emphasise that the proposed new formal judgements on 'direction and pace of change', and 'capacity for future improvement' must be evidence-based. That is, clear, transparent criteria are required, which outline how these formal judgements will be reached. At present, there is a lack of detail within the consultation document about how these judgements will be formulated, and without such criteria, there is a risk that such judgements could become subjective.
10. Regarding the proposed options for reporting these judgements, we cannot support Option 3, the fully codified rules-based framework: this could, we contend, encourage league-table rankings. We would support Option 2 - narrative, but standardised, audit judgements - but only with the proviso that greater detail is provided on the criteria that will be used to arrive at these judgements.

The Role of the Accounts Commission

11. We would argue strongly that further progress is required in ensuring consistency between the content and tone of the first draft reports on the audit, the conclusions in the final Controller of Audit reports, and the key messages in the press releases issued by the Accounts Commission.
12. More generally, we would argue for a more uniform approach to the audit process. We seek reassurance that training of audit teams is provided with a view to ensuring consistency of performance. We would also emphasise that

audit teams should have sufficient experience at a senior level in order to understand the challenges facing local government.

Audit fees

13. Given the more proportionate, risk-based approach to scrutiny that is planned, we would expect to see an overall reduction in the audit fees charged, consistent with the anticipated reduction in the overall levels of scrutiny applied to Scottish local government.

Sustainability and equalities

14. We are concerned by the intention, outlined in Part 4 of the consultation document, to focus on environmental sustainability, treating this as distinct from the social and economic aspects of sustainability. We would advocate an integrated approach to sustainability, consistent with the Brundtland definition, which gives equal weight to economic, social and environmental factors.
15. Finally, we would emphasise that both sustainability and equalities should be mainstreamed through an authority's performance management. They should not be treated as a 'bolt-on' to service delivery.