

PERTH AND KINROSS COUNCIL

COUNCIL – 24 JUNE 2009

**BEST VALUE 2 CONSULTATION – PERTH AND KINROSS COUNCIL
RESPONSE****Report by the Chief Executive****ABSTRACT**

Audit Scotland, on behalf of the Accounts Commission, have been working on proposals for the second phase of the Audit of Best Value and Community Planning to coincide with the completion of the first round of Audits of all 32 Councils in Scotland. This report outlines the response to the consultation submitted to Audit Scotland. As the deadline was 31 May 2009, Council is asked to homologate the action taken by Chief Executive in submitting Appendix 1 to the Accounts Commission as the Council's response to the consultation on the proposals for Best Value 2.

1. RECOMMENDATIONS

1.1 The Council is asked to:

- (i) note the contents of the report; and
- (ii) homologate the action taken by Chief Executive in submitting Appendix 1 to the Accounts Commission as the Council's response to the consultation on the proposals for Best Value 2.

2. BACKGROUND

2.1 Since 2004, Audit Scotland has been undertaking the Audit of Best Value and Community Planning across all 32 councils in Scotland. Audits have now been completed for all councils, although several reports are still to be published.

2.2 In 2006, Audit Scotland consulted on the future of Best Value. Since then, it has been working on how to undertake the next round of Best Value and Community Planning audits, known as BV2. A consultation document was published in March 2009, with responses to be returned by 31 May 2009. This addresses the lessons learned from Best Value 1, while taking into account wider changes in local government in Scotland between 2003 and 2009, such as new relationships between national government and local authorities, and the increased focus on outcomes and the views of citizens and service users.

2.3 Linked to this is the response to the Crerar review in relation to the overall burden of scrutiny. Audit Scotland has, as a result, been asked to work with other inspection/scrutiny bodies to deliver a more joined up, co-ordinated response approach to the external scrutiny of public bodies. In addition, approaches for best value are being developed for the Police, along with consideration of best value within the NHS context.

3. BEST VALUE 2 – KEY PROPOSALS

3.1 It is intended that the BV2 audit process will both continue to ensure local authorities are publicly accountable and support improvement in local services. It will provide assurance that councils are using public money efficiently and effectively, and that they are driving continuous improvement. It will be informed by the issues that matter most to local communities, such as:

- the quality of local services
- how safe people feel
- what support is available for vulnerable people such as homeless people and older people
- the quality of the local environment.

3.2 The audit framework for BV2 will have two elements - corporate assessment and performance assessment. The **corporate assessment** will look at proposed characteristics which outline what culture and processes a Best Value Council should have in place. These include

- Vision and strategic direction
- Governance and accountability
- Partnership working and community leadership
- Community engagement
- Performance management and improvement – including customer responsiveness
- Use of resources

In addition, the corporate assessment will also examine councils' approaches to sustainability and equalities issues. The characteristics are included in Appendix 2 of this report.

3.3 The **performance assessment** will report on how successful the council has been in meeting its local improvement targets as well as national and local outcomes as set out in its Single Outcome Agreement (SOA). It will also report on the quality and efficiency of local services, how quickly they are improving and whether they are responsive to local needs.

3.4 There are a number of key aspects to BV2 which are the principle focus of the consultation and these are outlined below:

3.4.1 **BV2 will be more proportionate and risk-based**

The size and focus of audit in each council will vary to reflect the council's performance. A much stronger emphasis will be placed on the range and quality of information that councils provide about how they are performing and improving. This information will help Audit Scotland to assess the scope of BV2 audit required for each council. SOA data will be used to inform risk assessments. Central to this will be the Council's own self evaluation of key strengths and areas for improvement.

3.4.2 **BV2 will be the focus for more streamlined scrutiny**

The BV2 audit process will be founded on shared-risk assessments undertaken with the other local government scrutiny bodies and updated annually. These will form the basis for decisions about what scrutiny is required in each council and how it will be carried out. A single corporate assessment will be developed which will be used by all the local government scrutiny bodies and carried out in an integrated way.

3.4.3 **BV2 will introduce clearer judgements of council performance**

Audit Scotland are proposing two new judgements of the council's overall performance:

- **Direction and pace of change judgement**, which will report on the council's record in improving the services it provides.
- **Capacity for future improvement judgement**, which will assess the council's prospects of further improvement.

Again, the Council's self evaluation approach, as reflected in local self-evaluation activity, will be an important factor influencing these judgements. It is intended that that these new judgements will provide a clear signal to the public about the performance of the Council and will also help those responsible for services to track improvement over time.

3.4.4 **BV2 will include a clearer assessment of how council services perform**

The audit will draw on a broader range of performance information and work closely with other scrutiny bodies to integrate their judgements, to provide a clearer picture of how council services perform. As a result, there will need to be a greater consistency of judgements across scrutiny bodies.

3.4.5 **BV2 will have a stronger focus on partnership working**

The audit 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. The longer-term aim is to review how well public bodies work together in local areas to deliver high-quality outcomes and services for local people while using public money as effectively as possible.

3.4.6 **BV2 will listen more closely to what local people have to say**

BV2 will have a stronger focus on the way the local authorities assess and respond to the views of the people who use their services, and of local citizens generally. The priorities of local people will be an important element of BV2 risk assessments.

3.4.7 **BV2 will involve senior officers and elected members (from other bodies) in audit teams**

Audit Scotland will introduce arrangements for involving peers in audit teams carrying out corporate assessments of local authorities. The presence of officers and members will complement the expertise within Best Value teams and provide opportunities for learning that will benefit local government.

3.4.8 **BV2 will provide greater support for improvement**

Audit Scotland plan to strengthen the support provided for improvement by ensuring more and better access to guidance and examples of good practice.

- 3.5 While the revised approach to Best Value 2 is generally accepted, the full draft response to the consultation is contained within Appendix 1 for consideration and approval.

4. BEST VALUE 2 – NEXT STEPS

- 4.1 As is noted above, the consultation period ended on 31 May 2009. Following on from this, Audit Scotland conducted a series of consultation meetings to which every Council was invited to send the Leader of the Council, the opposition leader (or convener of the Scrutiny Committee if this is an opposition member) and the Chief Executive. Perth & Kinross Council attended the meeting held in Perth on 8 June 2009.

- 4.2 Audit Scotland have already identified 5 pathfinder councils to pilot Best Value 2. These are:

- Angus Council
- Dundee City Council
- East Ayrshire Council
- The Highland Council
- Scottish Borders Council.

- 4.3 These councils provide a mix of geography, size and urban/rural mix. Three of them (Angus, Dundee and Highland) have been selected because of the opportunities they present for integrated or coordinated BV2 audit work alongside the proposed pilot of Best Value audit work with HMICS at Tayside Police and Northern Constabulary during 2009.

- 4.4 It is the intention that these audits will take place between May and November this year, including the councils' self evaluations and BV2 scoping and risk assessment. The audit activity itself will take place between September – November and the evaluation of the pathfinders undertaken in December 2009. It is anticipated that the roll out of BV2 audits will then commence from January 2010.

- 4.5 Two further councils are also involved in piloting the shared risk assessment process. Detailed joint risk assessment and scrutiny planning will be undertaken by Audit Scotland and the other national inspection/scrutiny bodies between April and November. The draft national joint scrutiny plan for local government will be published in December 2009. The implementation of this plan will begin in January 2010.

5. CONSULTATION

- 5.1 The Modernising Governance Member/Officer Working Group, the Executive Officer Team and Corporate Management Group were consulted in the development of the report and the response to the Accounts Commission.

The document was placed on the elected members' SharePoint site and, as such, all members had the opportunity to contribute to the BV2 consultation document.

6. RESOURCE IMPLICATIONS

- 6.1 Any financial implications arising out from this approach will be contained within existing revenue budgets.

7. COUNCIL CORPORATE PLAN OBJECTIVES 2006-2010

The Council's Corporate Plan 2006-2010 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

8. EQUALITIES ASSESSMENT

- 8.1 The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.

- 8.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Assessment Framework and assessed in relation to the Race/Disability/Gender Equalities Assessment. Consequently the following point was identified

- The potential for the Best Value 2 to audit equalities

9. STRATEGIC ENVIRONMENTAL ASSESSMENT

- 9.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).

- 9.2 However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

10. CONCLUSION

- 10.1 The Council has a legal duty under the Local Government in Scotland Act 2003 to continually improve the services we provide. The Best Value audit process is intended to provide clear and impartial information to local people, local authorities and policy makers throughout Scotland on how well councils are run, how good their services are and whether they are using public money well. In addition, there is little doubt that the first round of Best Value audits has been a powerful force for improved performance and accountability in local government, identifying good practice and also highlighting unsatisfactory performance.
- 10.2 The consultation on Best Value 2 allows the Council to contribute to the development of the next phase of this process to ensure that it supports improvement within the Council and the Community Planning Partnership as well as nationally.

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Date: 16 June 2009

APPENDIX 1

PERTH AND KINROSS COUNCIL RESPONSE

Accounts Commission: Best Value 2 Proposals for consultation – March 2009

*Please return this questionnaire by
31 May 2009.*

Which organisation(s) do you represent?

Perth and Kinross Council

Risk assessment and joint scrutiny planning

1. How do you view our proposals for shared risk assessment and joint scrutiny planning as a basis for streamlining the scrutiny of local government and ensuring that BV2 is more proportionate and risk-based?

2. Are there other factors that we need to take into account?

1. Comments

1. Perth and Kinross Council welcomes the approach for shared risk assessment and joint scrutiny planning to streamline the scrutiny of local government and to ensure that BV2 is more proportionate and risk based. We look forward to seeing how the work with the pathfinder Councils develops and to getting feedback from the other authorities involved in the shared risk assessment. It is important that the pathfinder phase is well used to test BV2, the shared risk assessment and the approach to joint scrutiny planning. Equally, it is vital that issues identified by the pathfinder councils are addressed to ensure that the BV2 audit process is not devalued and undermined from the start.

The shared risk assessment approach should be clear to all local authorities to ensure transparency and consistency. In addition, it is important that all aspects are addressed and that there is no undue weighting on areas – such as finance/efficiency – which may be easier to audit than the improvements to outcomes for the citizens of the council area.

As a result, an important part of the process that there is a greater consistency of judgements across scrutiny bodies to ensure that the shared risk assessment and joint scrutiny planning is fair and transparent.

2. Comments

It is important that BV2 should be used to support improvement within councils, and not viewed as a burden. Therefore, authorities should be involved as far as possible with the shared risk assessment process and that it is not seen as a 'secret' discussion between external audit/inspection bodies. The information used as part of the shared risk assessment should be shared with the council involved and that any judgements made can be open to reasonable challenge.

Developments to the process should be shared on a regular, on-going basis with all local authorities to ensure that it is seen as consistent across all 32 councils.

It is important that the audit/inspection bodies all recognise that what is important in one authority is not necessarily relevant in another. This is particularly true in relation to the increased emphasis on outcomes within BV2. BV2 needs to recognise that councils make policy and resource decisions based on local need and as such may have agreed that performance in certain areas may therefore not be a priority.

Equally, the BV2 process needs to take into account the demographics and geography of each council area, along with the financial pressures which will increasingly be an issue for local authorities.

Self evaluation

3. Do you believe self-evaluation should be at the heart of the risk-assessment process?

3. Comments

Perth and Kinross Council wholeheartedly agrees that self evaluation should be at the heart of the risk assessment process. We also welcome the view that no one particular self evaluation model will be advocated.

Self evaluation

4. How do you view our approach to the use of self evaluation evidence within the BV2 audit process? How might we change or further develop it?

4. Comments

It may have been helpful to include the principles of self evaluation as defined by RBAG to remind authorities what these are within the consultation document itself. Perth and Kinross Council fully endorse these principles.

The Council also acknowledges that for some local authorities, self evaluation needs to be much further embedded in their work. A role for Audit Scotland and other scrutiny bodies should be to help support these councils and encourage their development in this area.

The Council would like to see the development of assisted/validated self evaluation, where local authorities and audit/scrutiny bodies work together to improve the self evaluation process.

The process as described within paragraph 36 in relation to auditors and inspectors reviewing self evaluation evidence should be transparent and consistent, with effective feedback to each council on this. As the process becomes more rigorous and robust within each council, it should become apparent that the shared risk assessment becomes more reliant on the self evaluation provided. Furthermore, a council with an effective awareness of its own strengths and weaknesses, along with a demonstrable capacity to improve should benefit from a more proportionate audit/inspection approach. As a result, the Council welcomes the statement in paragraph 37 that the thoroughness of the self evaluation process and the quality of evidence it provides will affect the level of scrutiny applied.

It is however important that the audit/inspection process is not simply replaced by an audit of the self evaluation process, which would create an equal burden for local authorities.

Good practice / support for improvement

5. How do you view our proposed approach to capturing and disseminating good practice and strengthening improvement support as part of BV2?

6. What other actions should we take beyond those proposed?

5. Comments

Again Perth and Kinross Council welcomes this approach. It is important that in making a commitment to capturing and disseminating good practice that sufficient resources are provided to ensure that measures outlined in paragraph 38 are kept up to date and are of a frequency to be useful to councils.

In relation to peer involvement, Perth and Kinross Council endorses this, but there is a requirement for clarity of role and selection for those involved.

6. Comments

Links to other good practice models, such as HMIE and IdEA should be developed to make best use of all available information.

Equally, if Audit Scotland is developing toolkits – for the assessment of self evaluation for example – these should be shared with local authorities to allow practice to improve.

Single corporate assessment

7. How do you view the proposed corporate characteristics of a Best Value council as set out in appendix 1?

7. Comments

The Council again welcomes the approach to the corporate characteristics set out in appendix 1. It provides greater clarity of the standards on which a council can self evaluate and be evaluated against. However more work should be done to develop them further, with Audit Scotland working with councils and other scrutiny bodies to ensure that these standards are the best they can be.

For example, the Council believes the issue of customer and community engagement needs further work and would welcome the opportunity to engage in an open debate/workshop to improve these.

Equally, the related set of audit tools and other guidance described in paragraph 44 should be available for consultation prior to their introduction and be also be available for local authorities to use to support their self evaluation.

Service performance

8. We propose broadening our service and outcome evidence, and relying more on locally available data and improved joint working with inspectorates. What else should we do to improve service reporting within BV2?

8. Comments

Again, the Council welcomes the approach, but it is apparent within the consultation document that this is an area which Audit Scotland need to do more work on to develop the thinking further.

The Council would wish this to be done in consultation with local authorities – again so that can address their issues and concerns, and to make the assessment process the best it can be. There are clear links with the new SPI direction, particularly in relation to financial information, and the focus on economy, efficiency, and effectiveness in service delivery arrangements. Again this thinking needs to be developed further, and the audit approach needs to clearly reflect local decision making based on locally agreed outcomes and priorities as well as issues such as geography and changing demographics. The context for each council needs to be clearly understood within the audit process.

Equally, BV2 process needs to reflect that many outcomes identified through the Council's Single Outcome Agreement are by necessity long term, making any judgements about progress harder to reach.

Service reporting should also reflect the priorities for the area.

Partnerships

9. What are your views on our proposed approach to auditing partnership performance, and the longer-term direction of travel that we are signalling?

9. Comments

The Council is committed to partnership working and therefore in principle, as community leader, welcomes an approach to examining the areas set out within paragraph 53 of the report.

However, the list does not truly reflect an audit of partnership 'performance' but seems more in line with the corporate assessment approach outlined elsewhere in the document, given its focus on governance.

The Council would like to have seen a move towards a more joined up approach to auditing the partnership through BV2 rather than the development of further BV regimes for areas such as the Police, NHS etc.

SOAs and BV2

10. Is our proposed approach to considering SOAs as part of BV2 an appropriate reflection of their current status and maturity? If not, what more should we be doing?

10. Comments

The Council would like to ensure that Audit Scotland judgements made about the SOA fully reflect those reached by the Scottish Government, given the sign off approach and the requirement to report on an annual basis to them.

The Council's approach to Public Performance Reporting is developing further as a result of the SOA and it is good to see that this will be taken into account as part of the BV2 process.

While agreeing that the process of developing the CPP SOA gives some indication of how well community planning is functioning, there is a slight danger that this does not reflect the full picture. The approach, for example, should look at other inspections – such as Child Protection - which also reflect partnership working. In the longer term, progress against outcomes should be considered.

Citizen focus

11. What more do you think the Commission should do to take the views of citizens into account as part of BV2?

11. Comments

It is clear from the characteristics of a BV council that Audit Scotland expects local authorities to be more systematic in collecting the views of citizens and using this to determine service needs and local priorities. Paragraph 60 refers to this as being an area of mixed performance in the first round of BV audits.

As a result, this is an area where the approach to sharing good practice should be developed as a priority along with support to councils to help improvements within this area. This also links to the previous comment in section 7 that the characteristics need to be developed further.

In auditing this area, BV2 also has to recognise that customer focussed service delivery cannot be provided in the same way in every local authority due to influences such as geography and demographics.

Peer involvement

12. What issues, if any, would you like to raise about our proposals for officer and member peer involvement as part of BV2?

12. Comments

The Council welcomes the benefits of peer review within the process, but would wish to ensure that there is a clear role/remit for those involved as well as effective training to ensure consistency and quality. Equally, it is important that those involved are senior officers – more specifically Chief Executives, or depute Chief Executives – to ensure that the council being audited benefits from a strategic perspective, rather than an operational focus. The same applies in terms of elected member involvement – this should be at Council Leader level.

Grading/scoring

13. What are your views on the proposal to introduce formal judgements on 'direction and pace of change' and 'capacity for future improvement'?

14. Which of the options for reporting set out in Appendix 4 do you favour?

13. Comments

The Council already uses an approach which identifies the capacity for improvement and therefore is happy with this proposal, along with the direction and pace of change.

However, it is vital that this assessment is carried out consistently by Audit Scotland to make these judgements, ensuring that every audit team approaches this in the same way.

Again local circumstances and priorities need to be taken into consideration when forming both judgements. Equally, Audit Scotland need to reflect that it may be easier for a lower performing council to be able to demonstrate a greater pace of change than a higher performing one, which has less to do to improve.

14. Comments

The council would not like to see the introduction of any codified/standardised judgements unless the definitions were very clearly worked up and used consistently to make judgments. There is a danger within this approach of creating league tables – and again would have to be undertaken consistently and transparently.

It is not necessarily the case that a lack of such codified judgements as in option 1 will make it hard to track how a council is progressing, as follow up reports for BV have been able to provide a very clear account of how councils are improving or otherwise.

The Council would welcome the opportunity to debate this further

The role of the Accounts Commission

15. What changes, if any, would you like to see in how we handle Best Value audits and our relations with councils?

16. What comments do you have on any other aspects of the Commissions work?

15. Comments

Perth and Kinross Council values the contribution made by Audit Scotland and other audit/inspection bodies to the improvement agenda. However, it would like to see an enhanced approach to supporting improvement, rather than the current focus of holding to account.

Greater consistency in the audit process, auditors who have a clear understanding of the challenges facing local government and the opportunity to share effective practice would enhance the process.

The Council believes that there needs to be a joint approach to addressing the reduction of the burden of scrutiny. This needs to be based on trust, mutual respect and a real commitment to the spirit of Crerar.

16. Comments

Audit fees

17. What changes, if any, would you like to see to the fee regime for BV2?

17. Comments

The Council would like to see a change in the fee regime based on the proportionate, risk based approach. It is our view that councils which have less of an input from Audit Scotland should pay proportionately less.

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Sustainability

18. What further developments of our approach to auditing sustainability would you like to see introduced as part of BV2?

18. Comments

The Council feels that the approach outlined is too narrow as its focus appears to be on environmental sustainability rather than on our more integrated approach of environmental, social and economic sustainability. There are a number of more detailed comments we would like the opportunity to discuss further.

Equalities

19. What further developments of our approach to auditing equalities would you like to see introduced as part of BV2?

19. Comments

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Other Comments

Perth and Kinross Council is committed to Best Value and continuous improvement and welcomes the opportunity to contribute to the development of BV2, the shared risk assessment and the joint planning of scrutiny.

We are committed to supporting the process underpinned by our own self evaluation and improvement processes, while acknowledging that there needs to be a reciprocal commitment from Audit Scotland and other scrutiny bodies to reduce the burden of scrutiny.

Thank you for taking time to complete this questionnaire.

**Please return the survey by 31 may 2009 to
BV2@audit-scotland.gov.uk**

**or by post to:
Ian Metcalfe, Freepost RLXZ-UJTY-HCAU, Audit Scotland, Edinburgh, EH2 2QU**