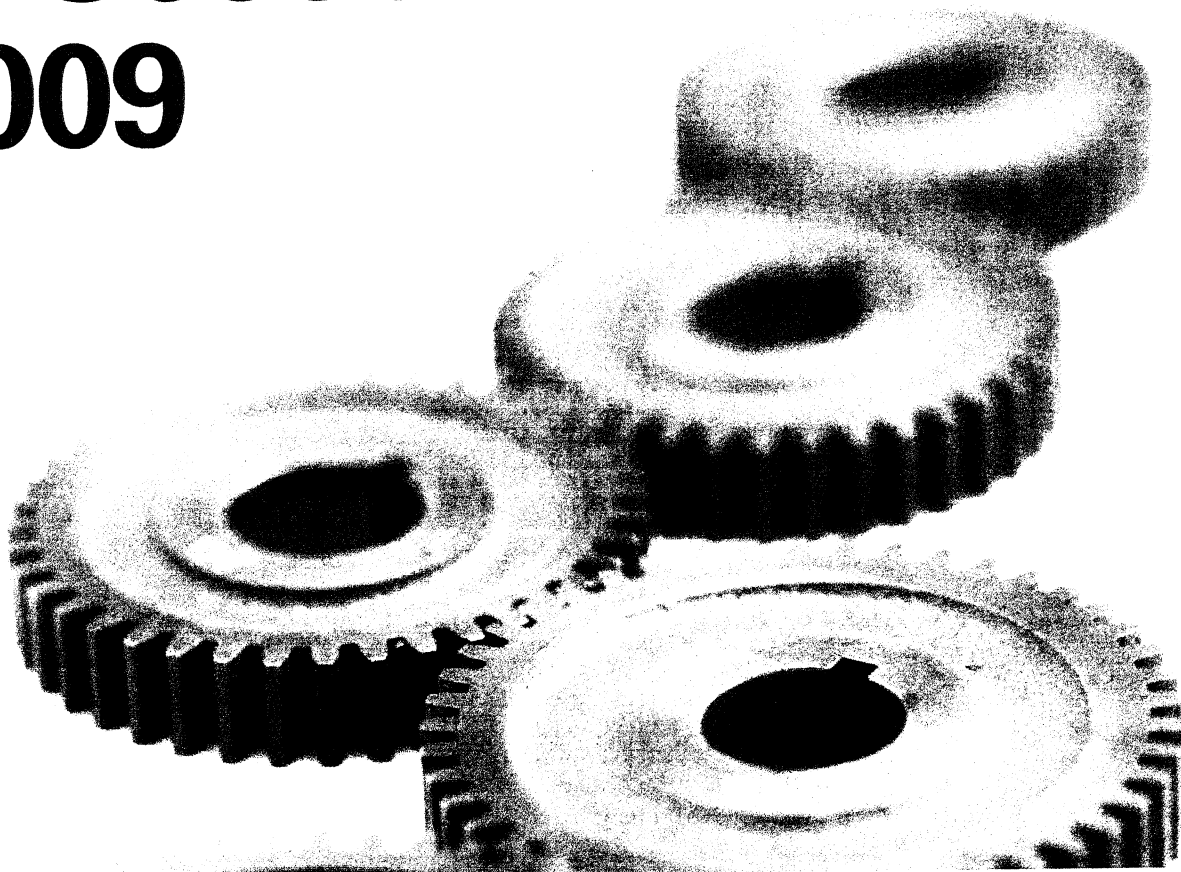
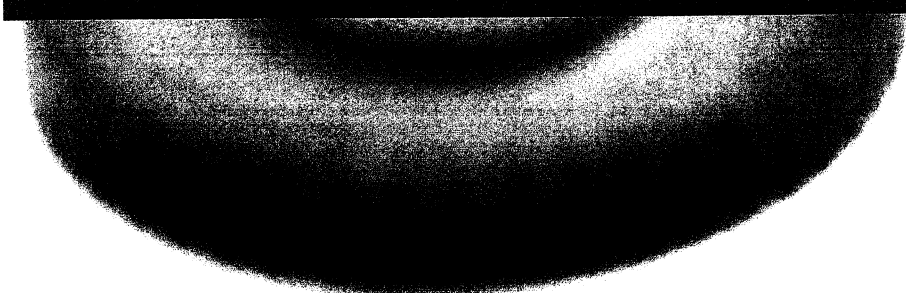


# An overview of local government in Scotland 2009



 AUDIT SCOTLAND

Prepared for the Accounts Commission  
February 2010



## Controller's foreword

I am pleased to present my annual overview report, which draws on the local government audit work carried out in 2009 and other performance information published during the year.

In 2009, we completed the first phase of Best Value audits covering all 32 councils, and the key messages are summarised in *Making an impact: an overview of the audits of Best Value and Community Planning 2004-09*.<sup>1</sup> Councils have responded positively to their Best Value duties and are better placed to deliver good quality services as a result. There is still, however, some way to go, including the need for much better performance management and public reporting, and more robust scrutiny and challenge aimed at improving the outcomes that councils achieve for their communities.

Local government faces significant challenges over the next few years. The significant pressures facing public finances have been well documented recently. The Auditor General's report, *Scotland's public finances*,<sup>2</sup> published in November 2009, projects reductions of between seven and 13 per cent in real terms for 2013/14 public sector budgets, compared to 2009/10. After years of sustained growth in central government financial support for local government, in December 2009 the Scottish Government announced funding of £12 billion for 2010/11, representing a decrease in real terms on the previous year. This includes provision for a further freeze in council tax.

The recession is likely to make it more difficult to collect cash due from council tax and business rates, and less income will be achieved from asset sales and from services such as planning and development. At the same time, councils' operating and employee costs, including

employers' pension contributions, are increasing, and higher demand is predicted for homelessness and other welfare support services. In addition, equal pay settlements could further affect reserves and there are local financial pressures associated with major transport projects and unanticipated events such as bad weather and flooding.

The difficult financial outlook is set against a backdrop of increasing demands on council services. Taxpayers, service users and citizens have increasing expectations of the quality and availability of services, and the ageing population needs more and better social care. This is leading to particular pressures on social work services. Councils are also expected to contribute to the delivery of national policy priorities and to meet new legislative requirements associated with, for example, waste management, liquor licensing and reducing carbon emissions.

Elected members face increasingly difficult choices in setting budgets that are sustainable over time and provide an effective balance between national and local priorities. To do this they require good intelligence about the needs of their local communities, and how council services make an impact. They also need to establish clear policy priorities and effective joint working with partners to ensure that the best use is made of all available resources.

The emphasis must be on improved outcomes which provide value for money, with a focus on understanding and managing costs, longer-term resource planning and seeking the most effective ways of delivering vital public services. To support this there needs to be a stronger focus on risk management, which involves being aware of the risks associated with change and ensuring that those risks are managed properly.

Elected member leadership and direction is essential if councils are to meet the challenges they face; Appendix 1 sets out the key questions councillors should be asking. Better-performing councils demonstrate effective leadership by councillors and senior managers. Last year we highlighted the importance of structured approaches to development and training for elected members. In 2009, some progress was made but nearly two-thirds of councils have yet to agree personal development plans for all of their elected members.

Audit has an important role in supporting local authorities to fulfil their Best Value duties and helping them improve. We are working hard with our partners to make our work more risk-based and proportionate and to reduce the overall level of scrutiny of local government. Councils have an essential contribution to the success of this, by carrying out rigorous self-evaluation as part of effective day-to-day performance management, and demonstrating improving outcomes to local people and communities. Further details are available at [www.audit-scotland.gov.uk/scrutiny](http://www.audit-scotland.gov.uk/scrutiny)

In the remainder of this report I summarise how effectively local authorities managed their resources in 2008/09, together with the general improvements in outcomes they achieved for communities as a result. I also highlight key matters for attention during 2010.



Caroline Gardner  
Controller of Audit

<sup>1</sup> *Making an impact: an overview of the audits of Best Value and Community Planning 2004-09*, Accounts Commission, October 2009.  
<sup>2</sup> *Scotland's public finances: preparing for the future*, Auditor General for Scotland, November 2009

# Appendix 1.

## Key questions for elected members

The report identifies a range of issues for councils to consider. The following table lists possible questions for elected members to ask in their councils to help identify how their council is dealing with these issues and where more action may be required.

Longer-term planning	<ul style="list-style-type: none"> <li>• To what extent are we planning for services beyond 2010/11, taking full account of financial projections and other intelligence?</li> <li>• How robust are plans to achieve the savings required to meet our priorities?</li> <li>• To what extent do we have a clear plan for achieving the most appropriate size of workforce and skills needed to deliver our goals?</li> <li>• To what extent do we have a clear plan for ensuring that expenditure and investment in our asset base achieves value for money and most appropriately supports the delivery of our goals?</li> </ul>
Decision-making and prioritisation	<ul style="list-style-type: none"> <li>• How clear are we about the priorities of local people?</li> <li>• How good is our information on performance and the costs of providing different levels and quality of services to assist us in setting priorities and taking decisions?</li> <li>• What action are we taking to prioritise spending?</li> <li>• How aware are we of the relative risks and rewards associated with our decisions, and how well placed are we to manage identified risks?</li> </ul>
Outcomes	<ul style="list-style-type: none"> <li>• To what extent are we considering the impact of the recession on our service outcomes and our commitments in our Single Outcome Agreement?</li> <li>• How are we comparing our service outcomes with others, for example by benchmarking?</li> <li>• What evidence do we have that our service outcomes represent best value?</li> </ul>
Keeping informed	<ul style="list-style-type: none"> <li>• How well are we kept informed of the impact of the recession on our finances and service performance?</li> <li>• How effectively are we monitoring and planning for changes in demand for services?</li> <li>• Are our training and development needs fully addressed?</li> </ul>
Working with others	<ul style="list-style-type: none"> <li>• How well are we working with our partners and/or neighbours to deal with pressures caused by the recession?</li> <li>• Are we exploring all possible options for the delivery of local services?</li> <li>• What quantifiable efficiencies or improvements are resulting from working with others?</li> </ul>