

4th Floor
102 West Port
Edinburgh EH3 9DN

T: 0131 625 1500
E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk



Kevin Stewart MSP
Convener
Local Government and Regeneration Committee
The Scottish Parliament
Edinburgh
EH99 1SP

5 February 2016

Dear Mr Stewart

Local Government Benchmarking

I read with interest the report of the session of the Committee on 20 January at which you were discussing local government benchmarking.

I note in particular your remarks on the role of Audit Scotland in the development of indicators in the Local Government Benchmarking Framework. You will know that, under statute, the responsibility lies with the Accounts Commission, as the independent body that secures the audit of local government, to direct councils to make available to citizens performance information that can be used to compare the performance of their local councils against others. (Audit Scotland works on behalf of the Commission.) I therefore thought it may be helpful if I set out the Commission's position with regard to the matter.

Until the year 2012/13, the Commission prescribed to councils statutory performance information to fulfil this purpose, by way of an annual Direction. More recently, however, we have been keen on encouraging councils to move beyond merely complying with our Direction and take more ownership of such performance information, thus allowing us to prescribe less performance indicators (although reserving our statutory responsibility to be more directive if required). To this end, we have been supportive of the development of the Local Government Benchmarking Framework, and have been in substantial dialogue with the project's board in recent years. We have used our recent annual Directions to underline this support. This year's Direction sets out the information that we expect councils to publish and, crucially, our expectation that councils report such information through the Local Government Benchmarking Framework.

I have enclosed for your information a copy of this year's Direction. This year we refreshed our strategy in relation to council performance information by agreeing a longer timescale of five years in which we set our Direction, to provide councils and other stakeholders with more sense of continuity and strategic outlook. Our strategy also makes clear that we see councils' responsibilities in this regard fitting with their statutory responsibilities in securing Best Value.

The Commission continues with its dialogue with the project board (and indeed the Secretary of the Commission attends meetings of the Board as an observer) with a view to the Framework's further development. We are encouraged, for example, that this year's overview report for the Framework includes a commitment to further development of indicators around older people's outcomes and customer satisfaction. We will also continue to underline our view that the effectiveness of the Framework requires councils to use the benchmarking information to drill down into their services, identify issues behind performance, and learn how to improve service quality and performance. We will retain an interest in monitoring and influencing developments in this regard.

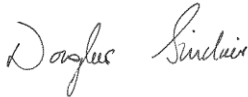
On the part of the Commission, we also find the Benchmarking Framework to be a useful and powerful tool in helping us fulfil our own responsibilities. For example, the data from the Framework helps the Controller of Audit in assessing Best Value in individual councils, which he reports to the Commission. Another example is the wider shared risk assessment process, hosted by Audit Scotland on behalf of the Commission, in which a range of local government scrutiny partners plan to ensure joined-up scrutiny of councils. You will

know that we are currently reviewing our approach to auditing Best Value to make it more effective: data from the Framework will be an important part of our revised approach.

In relation to a specific point you made about libraries indicators, I am sure that you would agree with the Commission's long and consistently held view that publicly reported performance information should cover all services provided by councils, not least those that reach large parts of communities such as cultural and leisure services. The Commission was always keen therefore that its long-standing indicator relating to libraries was further developed. I hope therefore that you share our encouragement that the Local Government Benchmarking Framework has reported this year not only on visitor numbers but on cost of services. This will help provide an increasingly rounded assessment of performance of a well-used service.

I hope that you find this information useful. If you would like to discuss it further, then I would be happy to meet you.

Yours sincerely

A handwritten signature in cursive script, reading 'Douglas Sinclair'.

Douglas Sinclair
Chair



The Publication of Information (Standards of Performance) Direction 2015

Local Government Act 1992

Statutory Performance Indicators

Direction 2015

December 2015

A new approach to the SPI regime

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish for performance comparison and benchmarking purposes. This responsibility links closely with the Commission's Best Value audit responsibilities.

Whilst recognising the importance of these powers the Commission believes that high quality public performance reporting (PPR) and performance benchmarking will only occur if there is ownership of this agenda as part of a culture of continuous improvement within local government. For this reason, since 2008 the Commission has taken steps to develop a more flexible approach to its statutory performance information role. Our 2008 Direction reduced the number of statutory indicators from 58 to 25. Since then, the Commission has endorsed and supported the development of the local government performance benchmarking framework (LGBF), and to reflect this, in 2012 we further reduced the number of indicators to three. The Commission's position reflects a commitment to supporting sector-led improvement. It is also consistent with the Crerar¹ principle that the primary responsibility for demonstrating [effective] performance should rest with service providers, a principle which is reflected in the Commission's strategy 2013-16.

Three years on, the Commission recognises that it is time to reflect further on progress and how our approach to the statutory performance information (SPI) regime should be taken forward in the longer-term.

On that basis, this year we reviewed our approach to the SPI regime in the context of ongoing improvements in councils' approaches to public performance reporting (PPR) and the increasing maturity of the LGBF project. As part of that process we also considered how the SPI regime could be more effectively aligned with our new integrated approach to auditing Best Value.

The Commission has adopted a new SPI strategy incorporating the following principles:

- A longer-term statutory performance information Direction from 2015.
- Reflecting the increasing maturity of, and the Commission's ongoing support for the further development of, the LGBF within the SPI Direction.
- Incorporating the assessment of councils' approaches to PPR as an integral element of the new approach to auditing Best Value, rather than as a separate assessment of this aspect of councils' performance, which has been the case in recent years.

We are significantly streamlining the SPI regime and aligning SPI and PPR activity within our new approach to auditing Best Value. This decision was made to signal clearly to the local government community how we are reflecting the increasingly mature approach to sector-led improvement in our SPI regime. As part of this new approach, we want to better reflect the impact that councils are making on their communities and how they are contributing to improved outcomes for local people.

This new 2015 Direction sets out a streamlined and more flexible set of performance information for the 2016/17 financial year that the Commission requires councils to collect and report in public. Councils will be required to publish the required information from the financial year ending 31st March 2017 each year through to the financial year ending 31st March 2019.

However, the Commission is clear that councils' approaches to benchmarking and PPR need to be comprehensive and reflect local improvement priorities. This means that simply complying with the LGBF is not enough in itself satisfy councils' PPR obligations. In addition, the Commission wants to see evidence that councils are using benchmarking information to improve their performance.

Although this will be a three-year Direction the Commission will continue to engage with the LGBF Board and monitor the ongoing development of the LGBF and will review progress with the LGBF and councils' reporting of performance on an annual basis.

The Commission hopes our new approach will be welcomed by councils and their partners.

Douglas Sinclair
Chair of the Accounts Commission for Scotland
December 2015

LOCAL GOVERNMENT ACT 1992
THE PUBLICATION OF INFORMATION
(STANDARDS OF PERFORMANCE) DIRECTION 2015

1. This Direction is given by the Accounts Commission for Scotland ("the Commission") under section 1(1)(a) of the Local Government Act 1992, which requires the Commission to direct relevant bodies to publish such information relating to their activities in any financial year or other specified period as will, in the Commission's opinion:

"facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing best value in accordance with section 1 of the Local Government in Scotland Act 2003) between –

i. the standards of performance achieved by different relevant bodies in that financial year or other period; and

ii. the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods"

2. This Direction is given to all local authorities and to joint committees and joint boards, as defined by the Local Government (Scotland) Act 1973, and amended by the Local Government etc. (Scotland) Act 1994.

3. Each of the bodies referred to in paragraph 2 shall, in accordance with section 13 of the Local Government in Scotland Act 2003 and associated regulations and guidance from Scottish Ministers, publish the information specified in the schedule to this Direction for all those activities which are carried out by the body

4. The periods for which the information in the schedule must be published are the financial years ending 31st March 2017, 2018 and 2019.

5. In the schedule, the term 'Best Value' shall be interpreted in accordance with the definition and requirements of Part 1 of the Local Government in Scotland Act 2003.

Schedule

Achievement of Best Value

SPI 1: Each council will report a range of information setting out:

- Its performance in improving local public services (including with partners).
- Its performance in improving local outcomes (including with partners).
- Its performance in engaging with communities and service users, and responding to their views and concerns.
- Its performance in achieving Best Value, including its use of performance benchmarking; options appraisal; and use of resources.

Local Government Benchmarking Framework

SPI 2: Each council will report its performance in accordance with the requirements of the Local Government Benchmarking Framework.