

The Accounts Commission for Scotland's annual statement on sustainable economic growth for 2011/12

The Public Services Reform (Scotland) Act 2010, section 32(1)(a) requires listed public bodies to publish a statement on sustainable economic growth as soon as possible after the end of the financial year.

The following statement sets out the steps that the Accounts Commission has taken in 2011/12 to promote and increase sustainable growth through the exercise of its functions. Information on our local government audit work is contained in our report *An overview of local government in Scotland – Challenges and change in 2012* which is on our website at www.audit-scotland.gov.uk

Introduction

The Accounts Commission is the public's independent watchdog which, through the audit process, requires local government bodies in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission holds local authorities to account and helps them to improve by: securing the external audits, including the audit of Best Value and Community Planning; following up issues of concern identified through the audits to ensure satisfactory resolutions; carrying out or promoting performance audits to improve economy, efficiency and effectiveness in local government; and issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Accounts Commission operates independently of local authorities and of the Scottish Government, and meets and reports in public.

Sustainable economic growth

The Accounts Commission contributes to sustainable economic growth in Scotland by holding local authorities to account and helping them to improve. This is achieved by undertaking performance, Best Value and financial audits to provide assurance that money and resources are being used properly, efficiently and effectively and to highlight areas for improvement.

In 2011/12 we audited Scotland's councils and other local authorities, including police, and fire and rescue authorities who spend in aggregate about £21 billion a year. We conducted 77 financial audits and completed and reported on 12 Best Value and 11 performance audits. Eight of the performance audits were joint reports with the Auditor General.

Our annual financial audit reports cover the full range of audit work done in the year, providing the audited bodies and stakeholders with a comprehensive and independent view of financial management, governance and performance in public bodies. Auditors review the financial position and sustainability of public bodies and promote good financial management and planning.

We carry out performance audits to help public bodies improve the quality of their services, do more with their money, and find lower-cost ways of working to the same or better standards. Our audit reports carry recommendations for public bodies to help them improve, and we publish good practice checklists and case studies. These also identify potential savings.

Examples of how, through the exercise of our audit function, we help sustainable economic growth include:

- Our report, *Local Government National Scrutiny Plan* shows the strategic scrutiny work for the financial year 2011/12. The plan is based on risk assessments of each council and agreed local and national priorities. The number of separate pieces of audit or inspection work has dropped by a third compared to last year. Over the past few years visits and inspections have generally become quicker, more focussed, and involve fewer inspector days on-site in councils. This means councils can devote more time to front line services. A quarter of the work currently planned for 2011/12 was undertaken at the request of councils themselves, as they see it as a useful tool for improvement.
- In our joint report with the Auditor General, *Progress report 2: planning for the delivery of the XXth Commonwealth Games 2014*, the main organisers (Commonwealth Games Scotland, the Scottish Government, Glasgow City Council and Glasgow 2014 Ltd) are committed to delivering the Games to the required standard within the approved £524 million budget. The Games are intended to have lasting benefits for the people of Scotland. Glasgow City Council and the Scottish Government have legacy frameworks for the Games that include encouraging physical activity, learning and cultural creativity, driving business development and community regeneration, and increasing employment opportunities.
- Our joint report with the Auditor General *The role of community planning partnerships in economic development* we highlight that community planning partnerships have a pivotal role in joining up the delivery of local services to drive local economic development. There are examples of partnerships helping bring jobs and other economic benefits to their communities, and we encourage partnerships to build on this activity to meet local economic needs. Partners also need to continue to improve how they work together and get better at working out their costs to ensure they are making the best use of resources.
- Our joint report with the Auditor General, *Modernising the planning system* found that, while public bodies involved in planning are now working better together, the time councils take to decide planning applications has not reduced and there is a widening gap between the costs of processing applications and the income councils receive from fees. The planning system plays a key role in sustaining and growing our economy and shaping our communities. Councils lack detailed information on the costs of handling planning applications. Understanding these costs and why they have increased is a necessary first step in identifying where efficiencies can be made. Councils need to make progress on this as a matter of urgency
- The National Fraud Initiative (NFI) in Scotland involved 81 bodies, including councils, police forces, fire and rescue services, health boards, the Scottish Public Pension Agency and the Student Award Agency for Scotland. Data on deceased persons, public sector employees and pensioners, benefit applicants, council tax records, failed asylum-seekers, disabled parking permits, expired visas, personal alcohol licences and students was compared to look for potential inconsistencies that might suggest fraud or error. These 'matches' were then followed up to identify fraud and error, stop overpayments and, where possible, recover the sums involved. This fourth NFI exercise has resulted in outcomes worth £19.8 million and £78 million since it was first introduced.

- We conducted a series of eight fire and rescue Best Value audits this year and this will be complemented with a national overview in 2012. The audit reports highlighted many areas of relevance to the sustainability of a national fire service.
- Our *Local Government Overview* report said that Scotland's 32 councils spent around £21 billion in 2010/11 providing vital public services. Although they have coped well with the financial pressures they continue to face tough challenges. The councils made savings mainly through pay restraint and reducing staff numbers. However, pressures will continue from demand-led services like social work and housing.

All of our audit reports can be found on the Audit Scotland website at www.audit-scotland.gov.uk.

The Accounts Commission also contributes to sustainable economic growth by engaging firms of accountants to undertake audits and in sustaining the market for the supply of these services.