

## **The Accounts Commission for Scotland's annual statement on sustainable economic growth for 2012/13**

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 2012/13 to promote and increase sustainable growth through the exercise of its functions. Information on our local government audit work is contained in our report - *Responding to challenges and change - An overview of local government in Scotland 2013* which is on our website at [www.audit-scotland.gov.uk](http://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, Community Planning Partnerships (CPP) and financial audits to provide assurance that money and resources are being used properly, efficiently and effectively and to highlight areas for improvement.

Scotland's councils and other local authorities, including police, and fire and rescue authorities spend £18.7 billion this year. We conducted 77 financial audits, completed and reported on eight Best Value, three CPP and six performance audits. Six other 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.

This year we completed the first audits of Community Planning Partnerships (CPPs). This new audit approach was carried out on CPPs in Aberdeen City, North Ayrshire and Scottish Borders. Our audits will provide an independent assessment of how well CPPs are planning

and delivering outcomes for local communities. Each audit will result in an improvement plan which we will follow up to check that adequate progress is being made locally in securing improvement.

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

- Our report, *National Scrutiny Plan for Local Government* shows the strategic scrutiny work for the financial year 2012/13. This plan is our third and is based on risk assessments of each council and agreed local and national priorities. This has led to much better co-ordination between the other scrutiny bodies, including Education Scotland, Care Inspectorate, Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary for Scotland, Fire and Rescue Service Chief Inspector and Health Care Improvement Scotland. It has also helped the Commission target its Best Value work and reduce the overall burden of scrutiny on councils.
- Our report, *Major Capital Investment in Councils*, highlights the £27 billion invested since 2000/01 on schools, social housing, sports and leisure centres and other projects. Councils paid for most of this using capital budgets with £4 billion provided through private finance methods such as Private Finance Initiative and Non-Profit Distribution contracts. The investment was needed to address backlog maintenance and develop new infrastructure. There are 203 major capital projects under way with a combined value of just over £5 billion. But spending is expected to fall over the next two years and plans beyond that are uncertain.

The report looks at the performance against planned time and cost targets of 63 major projects completed by councils since 2009. Information about whether those projects were on time and within budget is not always available. Where information is available, councils completed most projects within or close to the contract cost, despite initial estimates being too low. Most projects also experienced delays.

Councils have improved their oversight of major capital projects in recent years and are also clear about their broad goals. However, they rarely specify the expected benefits and how they will be measured. Councils need to develop long term investment spending and financing plans. They also need better information to allow effective scrutiny of major projects and whether they are completed to budget and on time.

A good practice guide in the *How Councils Work* series was also published alongside this report. It sets out practical steps councils can take to improve planning and control of capital spending.

- Our *Protecting Consumers* report looked at trading standards and food safety services provided by Scotland's 32 councils to protect the public in areas ranging from food poisoning to doorstep cons and internet fraud. Scottish consumers spend around £56 billion a year. Around 1.3 million Scots each year think they have reason to complain about the goods or services they have bought, but of these over 500,000 do nothing or do not take an unresolved complaint further.

Trading standards services educate and inspect businesses, help consumers with problems and enforce consumer law. In recent years, they have lost a higher proportion of jobs than other departments. This has left nearly half of councils with so few trading standards staff that they may not be able to provide an acceptable level

of service. Food safety has not lost so many jobs, but both services are concerned about loss of expertise and lack of trainee posts.

- Our joint report with the Auditor General, *Reducing reoffending in Scotland*, looked at the efficiency and effectiveness of approaches taken to address the problem. The Scottish Prison Service, Community Justice Authorities and Scottish Government spent £419 million in 2010/11 dealing with people convicted in court. Less than a third of this, £128 million, was spent on reducing reoffending.

The report highlights the variation in the costs of criminal justice social work activities. Councils should work with Community Justice Authorities to improve their understanding of why costs vary and how they relate to the quality of services. This should in turn inform decisions about how to use resources and where they can be more efficient.

- Our *Responding to challenges and change - An overview of local government in Scotland 2013* report said that Scotland's 32 councils spent around £21 billion in 2011/12 providing vital public services. Although they have coped well with the financial pressures they continue to face tough challenges.

All of our audit reports can be found on the Audit Scotland website at [www.audit-scotland.gov.uk](http://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.