

MEETING: 7 OCTOBER 2021

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

STATUTORY PERFORMANCE INFORMATION: DRAFT 2021 DIRECTION

Purpose

1. This report proposes a draft 2021 Statutory Performance Information (SPI) Direction to act as a basis for consultation with stakeholders with a view to subsequent approval and publication by the Commission in December 2021.

Background

2. Section 1(1)(a) of the Local Government Act 1992 (the 1992 Act), gives the Accounts Commission the power to direct (as it thinks fit) 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."
3. Such information is also to facilitate the drawing of conclusions about the discharge of those bodies' functions under the Community Empowerment (Scotland) Act 2015 (in essence, carrying out community planning for the "improvement in the achievement of outcomes").
4. This power pre-dates its powers in relation to Best Value, although the Commission has in recent years continued to use the power to emphasise what it sees as the importance of councils reporting performance to their citizens and communities. The Commission has also taken the view that the local government community should take greater ownership of the public performance reporting and performance benchmarking agenda. For that reason, the Commission has endorsed and supported the development of the SOLACE and COSLA-led local government performance benchmarking framework (LGBF) project. The Commission has also been increasingly less prescriptive about the requirements in its SPI Direction.
5. Further background information can be found at Item 8 of the Commission's [November 2018 meeting papers](#) when the Commission last considered its SPI Direction.
6. At its meeting on 8 December 2018, the Commission approved a three-year SPI Direction with two indicators, as set out on the [Commission website](#). As the end of current SPI Direction period is approaching, the Commission is required to review its strategy in relation to its powers under the 1992 Act and thus consider publishing a new Direction.

2021 review

7. To help the Commission consider its SPI strategy, we have reviewed councils' responses to the 2018 Direction. This review comprised three main activities:
 - A desktop review of council websites, particularly on the reporting of performance information.
 - A review of 2019/20 annual audit reports (AARs).
 - A review of the 26 Best Value Assurance Reports (BVARs) published to date.
8. There follows a summary of the findings of each of these review activities in turn.

Council website review

9. A desktop review of all 32 council websites was undertaken from July to September 2021. It was designed as a 'snapshot' of how councils are fulfilling their responsibilities. Recognising the issues around digital exclusion, we should of course acknowledge that councils do make use of other mediums - such as newsletters, tax leaflets and social media - to report their performance to the public. For the purpose of this exercise, however, a reasonable assumption has been made that councils should be making effective use of their websites as a primary vehicle for the reporting of their performance to the public in an accessible way.
10. **Appendix 1** outlines the approach and results of this review, as well as the review of AARs and BVARs, which are detailed in paragraphs 11-15. Councils have generally responded well to the requirements of the Direction, with no evidence to suggest that any council is responding unsatisfactorily. There is however variation between councils. A summary of findings is below:

Statutory Performance Indicator 1

- Councils largely provide an easily accessible source of performance information at council-wide level that is up to date. However, there is room for improvement in the accessibility and ease of navigation of websites.
- Only three councils had clear statements on the impact of Covid-19 on performance reporting.
- Outcome priorities are clear and information on performance against outcomes is generally clear.
- All councils have an accessible place for people to find information on equality impact assessments, complaints, consultations and engagement activity, but there is variation in how results, and the council's response to these results, is reported.
- While all councils included LGBF indicators and provided a clear link to the LGBF website, only 17 councils used benchmarking information to report improvement activity. The level of detail provided varied significantly between councils.

Statutory Performance Indicator 2

- While most councils provide information on their transformation programmes and inspections, the level of information varies.
- Only half of councils provide clear information on service reviews.

- Of the 26 BVARs published to date, 18 councils have a clear statement on their response to the report but only 10 show progress reports.
- Information on opportunities for- and actions resulting from- community engagement is generally clear.

Review of annual audit reports

11. Auditors have a statutory responsibility to satisfy themselves that councils have made the necessary arrangements for collecting, recording, and publishing statutory performance information. The Code of Audit Practice 2016 requires auditors to report a conclusion on the effectiveness and appropriateness of the arrangements along with recommendations for any improvement.
12. Annual planning guidance requires auditors to ensure they have sufficient evidence on which to base their conclusion on the suitability of the arrangements. This year's guidance notes that the Covid-19 pandemic is expected to have had a substantial impact on performance reporting. The guidance therefore expects auditors to identify further areas for improvement and to follow up recommendations made in previous years and consider whether they have been actioned.
13. As part of the 2021 Annual Assurance and Risks Report, Audit Scotland undertook a review of auditors' assessments of councils' approaches to public performance reporting in the 2019/20 annual audit reports (AARs). This review, alongside some further work from the support team found that:
 - 32 AARs included commentary on performance reporting at the council, but there was significant variation in the level of detail provided, with commentary ranging from one sentence to an exhibit showing trends in performance of a range of indicators. Of these:
 - 18 AARs conclude that public performance reporting is satisfactory
 - Seven highlight improvements required in public performance reporting, including currency and clarity of reporting
 - Seven AARs do not make a specific conclusion on public performance reporting (four of which explicitly state that they have delayed their review of public performance reporting to the 2021/22 audit, largely due to Covid-19 impacting on audit work).
 - Six AARs did not specifically refer to the SPI Direction when reporting on public performance reporting.
 - 11 AARs refer to the impact of Covid-19 on delays to performance reporting.

Review of Best Value Assurance Reports

14. **Appendix 2** summarises the Controller of Audit's recommendations and the Commission's findings relating to councils' approaches to public performance reporting, as reported in all 26 BVARs to date. While all BVARs report on councils' performance reporting, eight of the 21 BVARs published since 2018 include a recommendation on the council's approach to public performance reporting. The Commission has also used its findings to highlight an area of improvement in this regard in six BVARs since 2018.
15. Only one of the BVARs to date makes direct reference to the council's approach to fulfilling the requirements of the SPI Direction. It will be important, therefore, that the Commission's interest in ensuring that its SPI Direction is being fulfilled features in its

approach to assessing Best Value. This can be discussed further with the Controller of Audit as the Commission takes forward its approach to auditing Best Value.

Informal feedback

16. Results of the review were discussed with the LGBF Board at its meeting on 23 September. Feedback indicated:

- The Board is considering as part of its strategic plan how it can encourage good practice in councils on using LGBF (and wider) information for public performance reporting.
- The Board is mindful of the impact of Covid-19 on councils' capacity to report performance, and thus is pleased with the outcome of our review that councils have continued to respond well to the requirements of the Direction.

17. Results of the review were also discussed with Scottish Performance Management Forum (SPMF) – made up of those council officers responsible for managing performance information - on 30 September. Feedback from representatives of the 25 councils present indicated:

- The forum can recognise the significant potential of how councils make more use of their self-assessment activities in public performance reporting, as required by the Direction.
- In saying that, they also recognise a need for councils to learn and collaborate more in relation to self-assessment.
- Officers recognise and experience political tensions in balancing the reporting of good and poor performance.
- Officers recognise a need to making information more accessible, for example beyond simply publishing plans or performance reports.

Overall conclusions

18. A summary of overall conclusions to be drawn from the 2021 review exercise is thus:

- Councils have responded well to the 2018 Direction and therefore there is a strong case for maintaining the strategy of the Commission that it uses its powers in the 1992 Act to continue to encourage sector-led improvement through a descriptive rather than prescriptive approach.
- Councils all report, to varying degrees, performance information that can be compared over time and across different bodies.
- Nevertheless, there is significant variation in the degree to which councils are satisfying the requirements of the Direction.
- There is scope for more consistency in the reporting of progress against the Direction in the annual audit.
- Covid-19 has negatively impacted performance and performance reporting, but not to a degree that has significantly compromised councils' response to the SPI Direction.
- There is scope for improvement in how councils can:
 - Improve accessibility of their performance pages to ensure more easy

access for their citizens and communities

- Report performance against their Best Value duty, and in particular reporting progress against previous Best Value assessments.
- Report comparative benchmarking information, including relating to the LGBF.
- Clarify the impact of Covid-19 on performance and performance reporting.

Proposed 2021 Direction

Strategy

19. The evidence from the review shows steady and positive progress by councils, but with potential of 'turning up the volume' on certain areas such as reporting progress against their Best Value duty, reporting their own assessments of their performance, and increasing the accessibility of information. It is also however worth recognising how the policy environment has changed in such a short period of time, not least by the Covid-19 pandemic.
20. In considering a new Direction, the Commission will wish to take the opportunity to underline its priority in its newly published Strategy to report on how councils work with and empower their communities as they contribute to Scotland's recovery from the pandemic. The Commission can therefore regard the Direction as an important tool in promoting the principle that the relationship between local government and its different communities needs to be based on a mutual understanding between local government and its communities about its performance and where it needs to improve.
21. Given this strategic importance, therefore, the Commission can take the opportunity to give more prominence to the importance of its Direction, taking the opportunity as it promotes its Strategy to different stakeholders to underline the benefit of using this power in this way.
22. The Commission can also further consider how it wishes to make use of its other powers to encourage continued improvement in how councils fulfil the requirements of the Direction. For example, the Commission will wish to consider its requirements from the annual audit as part of the 2022/23 planning guidance, to be considered in Autumn 2022. (This will of course need to be done in the context of other pressures on the work programme.)
23. In agreeing such a Direction, the Commission will also be able to underline its support for the importance of benchmarking and in particular the role played by the Scottish Local Government Benchmarking Framework.

Content

24. Given the conclusions of the review, it is proposed that the Commission adopt a 2021 Direction as set out in **Appendix 3** (proposed changes are in highlighted text) This largely follows the previous Direction but with some important revisions:
 - Introducing an expectation that councils (with their partners as appropriate) report their progress in recovery from the pandemic (which may or not include, for example, progress against a recovery plan).
 - Underlining the importance of self-assessment of performance.
 - To reflect the Commission's ambitions with the integrated audit, including

reference to the annual audit's role in assessing performance against the Best Value duty.

- To reflect the Commission's ambitions with co-ordinated scrutiny of local government, including reference to the assessments of other scrutiny and inspection bodies
- To reflect the Commission's strategic priority, including reference to empowering communities and ensuring accessibility to the performance information reported publicly.

25. The positive momentum demonstrated by the review suggests that the three-year period covered by the current Direction has been effective. It is therefore proposed that such a timeframe be applied to a new Direction.

Consultation on the draft Direction

26. Section 2 (3) of the 1992 Act requires the Commission to consult with 'such associations of relevant bodies and such other persons as it sees fit' before giving a direction which imposes a new requirement on any relevant body. It is for the Commission to determine which associations and bodies it wishes to consult and the manner in which it will undertake any consultation activity.

27. The Commission has consulted informally with the LGBF Board and the SPMF. It is proposed that the Commission now consult formally with these bodies along with all councils, COSLA and SOLACE, before approving its Direction in December. It is also proposed to write to the Scottish Government to keep it apprised of progress.

Next steps

28. It is proposed that the Commission consider a draft Direction following the above consultation at its meeting in December 2021, with a view to publishing the draft Direction by the end of the year. The Commission can also consider proposals in December on how to promote the Direction and to maximise its effectiveness.

Conclusion

29. The Commission is asked to:

- a) Note councils' progress against the requirements of the 2018 SPI Direction.
- b) Agree its overall approach and thus the terms of the proposed three-year Direction as set out in Appendix 3, to be applied first in the year ending 31 March 2023.
- c) Agree that this forms the basis of formal consultation with stakeholders.
- d) Agree to consider the results of this consultation and a draft Direction at its December 2021 meeting, with a view to publishing the new Direction shortly thereafter.

Paul Reilly
Secretary to the Commission
29 September 2021

APPENDIX 1:

SPI DIRECTION REVIEW 2021

Our direction

ACCOUNTS COMMISSION 

Our aims (Commission Strategy 2021-26):



Securing public audit

Through securing and overseeing the audit of local government, reporting on its use of public money.



Helping to improve

To help local government improve by it using our work and findings to be more efficient and effective in its use of public money and in improving outcomes for communities



Seeking to assure

To seek to assure the public about the performance of local government, including governance, financial stewardship and effectiveness in delivering services and improving outcomes for communities.



Improving performance reporting

To seek to ensure councils report their performance to their communities effectively, through our [Statutory Performance Information Direction](#).

Reductions in indicators



Our priorities for the next five years

The next five years will see Scotland start its recovery from the Covid-19 pandemic. We want our work to influence that recovery while we continue in our role of reporting on the performance of local government and helping it to improve. We will use our statutory powers to shine a spotlight on the following priority areas:

Inequalities

What contribution local government makes to lessening the impact of inequalities, particularly poverty, on different communities.

We will report on the contribution and performance of local government services to those impacts, and in particular the critical role of health and social care services.

Recovery

What contribution local government makes to Scotland's response to, and recovery from, the pandemic.

We will report on how well local government is helping economic recovery and on how such recovery ensures social justice.

Funding

The impact of funding on local government's ability to fulfil its role.

We will report upon the stability of funding and the financial sustainability of local government bodies.

Communities

The relationship between local government and its different communities.

We will track how local government is working with, empowering, and ensuring that communities help drive the planning of local public services. In doing so, we will report on how council partners, including community planning partners and the third and voluntary sector, help develop this relationship between public services and people



SPI 1 – Improving local services and local outcomes

- Service performance
- Progress against outcomes agreed with partners
- Benchmarking (LGBF) and progress over time

SPI 2 – Demonstrating Best Value

- Reporting performance against BV duty
- Response to audit assessments
- Community engagement and empowerment

Public performance reporting requirements: balance and currency

What we looked at in 2021



What we were looking for: SPI 1



Improving public services

- Performance across primary services
- PPR – balance & currency
- Areas for improvement
- Actions taken / planned
- Impact of Covid-19 on performance (& reporting)
- Complaints & consultations
- Equality impact assessments



Improving local outcomes

- Council / CPP: clear / consistent outcome priorities
- Council / CPP: reporting of outcome performance
- Council reference to partnership working



Benchmarking / LGBF

- Hyperlink to LGBF?
- LGBF data used within PPR?
- LGBF info used for improvement activity?

What we found: SPI 1



Improving public services

- Clearly accessible performance information - 31
- Up to date performance reports (at least within the last year) - 26
- Three-year trends - 26
- Report identifying improvements required – 32
- Improvement actions – 26 (detail varied).
- **Clear statements on impact of Covid-19 on performance reporting - 3**
- Good information on complaints and consultations, but detail varied
- Easily accessible equality impact assessments - 31



Improving local outcomes

- Refer to partnership working in performance reports - 29
- Set out outcome priorities clearly (i.e. outcomes either directly aligned to CPP priorities or closely linked) - 32
- Clear information on performance against outcomes – 27 (detail varied; for those that didn't, reports found in committee papers)



Benchmarking / LGBF

- Linked to the LGBF website – 32 (but most not to the specific council)
- Included at least one performance report that included LGBF indicators - 32.
- **Benchmarking information to report improvement activity - 17 (detail varied)**

What we were looking for: SPI2



Best Value

- Change/transformation programmes
- Self-assessments
- Service reviews
- Inspections
- Plans to improve against assessments of its performance against its duty of BV?
- Equalities outcomes and mainstreaming reports



Engaging with communities

- Reporting on community engagement / empowerment
- Reporting on response to what council is doing / has done

What we found: SPI2



Best Value

- Information on:
 - Change/transformation programmes - 25
 - Inspections - 20
 - Self-assessments or service reviews - 14
 - Response to BVARs - 18
 - Progress reports on most recent BV report – 10 (some out of date)
- Equalities outcomes & mainstreaming reports generally easily accessible & clear on progress against outcomes



Engaging with communities

- All 32 provide contact details for community planning teams, to encourage feedback from its communities
- Most councils (28) and CPPs (29) outline how they have responded to feedback from their communities, but extent varies

Review of Annual Audit Reports

ACCOUNTS COMMISSION ✓



Review of BVARs: 21 since 2018

ACCOUNTS COMMISSION ✓

All 21 comment on performance reporting

8 include a recommendation from the Controller of Audit

6 include findings from the Commission, noting the need to:

Improve clarity of
reporting performance
against objectives

Include more long
term trend information

Balance reporting –
reasons for
underperformance and
planned improvement

Commission thinking points

ACCOUNTS COMMISSION 

Steady progress
but
inconsistency

Accessibility &
inequalities

Best Value and
improvement –
progress reports

Benchmarking

Impact of Covid-
19 on
performance (&
reporting)

Monitoring &
assessing:
Role of audit

Self
assessments
and service
reviews

APPENDIX 2:

BVAR recommendations and findings in relation to public performance reporting

Council	Year	SPI ref?	Relevant recommendations or Commission findings
<u>Inverclyde</u>	2017	No	None
<u>Renfrewshire</u>	2017	No	None
<u>East Renfrewshire</u>	2017	No	None
<u>Orkney Islands</u>	2017	No	<p>Recommendation: The council should set out how its activities will contribute to improved outcomes for communities so that it can evidence and monitor the impact.</p> <p>Commission finding: Both the council and the partnership, however, could do more to demonstrate how outcomes for communities are improving</p>
<u>West Lothian</u>	2017	No	<p>Recommendation: There is scope to improve how the council monitors and reports what it does to improve outcomes for local people.</p> <p>Commission finding: It is (also) important that public information is balanced and demonstrates the links between actions and outcomes for local people.</p>
<u>Fife</u>	2018	No	None
<u>East Ayrshire</u>	2018	No	None
<u>West Dunbartonshire</u>	2018	No	None
<u>Glasgow City</u>	2018	No	None
<u>East Lothian</u>	2018	No	<p>Recommendation: In delivering its vision, the council should report the benefits the Transformation programme projects are having for customers and communities; and the savings that are being realised.</p> <p>No relevant Commission finding.</p>
<u>Dumfries and Galloway</u>	2018	No	<p>Commission finding: It is important that the council is better able to report more consistently and coherently – internally and to its citizens – about how it performs and where it needs to improve this performance</p>
<u>South Lanarkshire</u>	2019	No	None

Council	Year	SPI ref?	Relevant recommendations or Commission findings
Stirling	2019	Yes (indirect)	<p>Recommendation: The council needs to improve its public performance reporting, to show a summary of the council's performance against the business plan objectives.</p> <p>Commission finding: It needs to report more clearly to elected members and the public on its performance against its priorities</p>
North Lanarkshire	2019	No	<p>Recommendation: Performance information on the council's website should be kept up-to-date to improve accountability to the public.</p> <p>Commission finding: Ensuring good service performance information that is readily available and communicated well to citizens is also important</p>
Midlothian	2019	No	None
Perth and Kinross	2019	No	<p>Recommendation: It also needs to make public performance reporting more transparent, clear and balanced. The Annual Performance Report should include ambitious targets and be clear about the reasons for underperformance and planned improvement actions.</p> <p>No relevant Commission finding</p>
Scottish Borders	2019	No	<p>Recommendation: Ensure performance reports to members and the public are more comprehensive and balanced, and that they cover service performance and delivery of the Fit for 2024 programme.</p> <p>Commission finding: It also needs to get better at the reporting of performance – both in terms of information considered by members and in reporting to the public</p>
Highland	2020	No	None

Council	Year	SPI ref?	Relevant recommendations or Commission findings
<u>Argyll and Bute</u>	2020	No	<p>Recommendation: Improve performance management reporting to provide a balanced picture of long-term trends in performance against its targets (paragraphs 27–33). Use benchmarking information to drive continuous improvement</p> <p>Commission finding: [better performance reporting] will also help make clearer to stakeholders what progress it is making on key outcomes and objectives and how it intends to address areas of service underperformance</p>
<u>North Ayrshire</u>	2020	No	None
<u>Moray</u>	2020	No	None
<u>Dundee City</u>	2020	No	None
<u>Aberdeenshire</u>	2020	No	None
<u>City of Edinburgh Council</u>	2020	No	<p>Recommendation: [improve its performance reporting by] publishing easily accessible, up-to-date performance information on its website.</p> <p>Commission finding: The council needs to better articulate and deliver its ambition. We underline the Controller's recommendations to provide clearer priorities and direction (notably through its Adaptation and Renewal Programme) and to ensure better reporting of performance against objectives (particularly to elected members and the public)</p>
<u>Aberdeen City Council</u>	2021	Yes (direct)	<p>Recommendation: To supplement current council and CPP performance reports, and aid public understanding and scrutiny, the council should produce an annual performance report more clearly reporting the longer-term progress made in improving outcomes.</p> <p>No relevant Commission finding</p>
<u>East Dunbartonshire Council</u>	2021	No	None

APPENDIX 3:

PROPOSED PUBLICATION OF INFORMATION (STANDARDS OF PERFORMANCE) DIRECTION 2021

LOCAL GOVERNMENT ACT 1992

THE PUBLICATION OF INFORMATION

(STANDARDS OF PERFORMANCE) DIRECTION 2021

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, 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 2023, 2024 and 2025.

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

Each council will report a range of information in the following areas:

Statutory Performance Indicator 1: Improving local services and local outcomes

- Its performance in improving local public services, both provided by itself and in conjunction with its partners and communities.
- Progress against the desired outcomes agreed with its partners and communities, including in relation to recovery from the Covid-19 pandemic.

The Commission expects the council to report such information to allow comparison (i) over time and (ii) with other similar bodies (thus drawing upon information published by the Local Government Benchmarking Framework and from other benchmarking activities).

Statutory Performance Indicator 2: Demonstrating Best Value

- Its assessment of how it is performing against its duty of Best Value, including self-assessments and service review activity, and how it has responded to this assessment.
- Audit assessments (including those in the annual audit) of its performance against its Best Value duty, and how it has responded to these assessments.
- Assessments from other scrutiny and inspection bodies, and how it has responded to these assessments.
- In particular, how it (in conjunction with its partners as appropriate) have engaged with, responded to and help empower its communities, including hard-to-reach communities.

In satisfying the requirements set out in this schedule, the Commission expects the council to take cognisance of current statutory guidance on Best Value requirements in relation to public performance reporting, and in particular to ensure:

- Balance in reporting areas of improvement that have been achieved and not achieved.
- As much timeousness and currency as is practical.
- Easy access to its performance information for its citizens and communities.