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Press release

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Crucial time for councils says Accounts Commission

In its local authority overview report for 2005 published today (Thursday 30 March) the Accounts Commission says that Scotland's councils are facing major challenges and calls on them to further increase their pace of change and improvement.

The report notes that local authorities are working in an environment of major change as government seeks to reform and modernise public services: councils have to deliver Best Value and lead on Community Planning; they also face substantial financial pressures, including equal pay claims and increasing pension contributions.

Accounts Commission Chair Alastair MacNish said: "It is clear that councils are facing many major challenges and pressures. To meet these challenges they need to further increase their pace of change and improvement. It is essential that they focus on Best Value and work more effectively with partners, to deliver the best results for taxpayers and service users."

The report says that councils need to pay particular attention to developing their longer term financial planning and improving the information they have about how their services are performing. It highlights the importance of having well-defined strategic objectives, matching resources to priorities and ensuring clear understanding of what local people want and need from services.

"Financial stewardship in councils remains sound and there have been positive developments in service delivery, including improvements in council tax collection and waste recycling rates," added Mr MacNish. "We are also pleased with the good practice we have seen during the Best Value audits we have carried out so far and the positive response from councils to our recommendations to provide more information about their reserves."

The report also notes:

- Pensions: councils' contributions as employers have increased. Audit Scotland will produce a report in early summer 2006 covering the public sector pension schemes in Scotland.
- Reserves: last year's overview report emphasised the need for councils to ensure that they have clear policies on the overall levels of reserves and balances and how these will be used. Councils have responded well – most now have policies in place. Improved disclosure in the accounts means that the amounts held in general funds can now be broken down. Of the total, as at 31 March 2005, £241 million was unallocated. This £241 million represents about 2.6% of the £9.3 billion net cost of council services, and seems reasonable in light of the financial pressures councils face.
- National Fraud Initiative (NFI). The NFI brings together and matches data from local authorities and other public agencies to identify fraud and error (for example improper claims for housing benefit). To date the total overpayments and savings identified or expected by local authorities is around £8.3 million.

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Notes to editors

1. The Accounts Commission is responsible for securing the audit of 32 Scottish councils and 35 joint boards, including police and fire services. The Commission investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Accounts

Audit Scotland provides services to the Auditor General for Scotland and the Accounts Commission

Commission is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.

2. The Local Government in Scotland Act 2003 gives local authorities new responsibilities to continually improve their service delivery, and to report publicly on their performance. The objective of Best Value is to ensure that effective management delivers better and more responsive public services. It is about local authorities:
 - balancing the quality of services with cost
 - achieving sustainable development
 - being accountable and transparent, by engaging with and being responsive to the needs of communities, citizens, customers, employees and other stakeholders
 - ensuring equal opportunities
 - continuously improving the outcomes of the services they provide
3. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Accounts Commission and the Auditor General for Scotland.