Priorities and Risks Framework

AUDIT SCOTLAND

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 Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Contents

Introduction

Context

1. Since the last Priorities and Risks Framework (PRF) was produced, there has been major change in the local government environment. The May 2007 elections introduced a new era in Scottish politics. A minority SNP government replaced the Labour/LibDem coalition government and for the first time, different political parties are in charge in Holyrood and Westminster. At a local level, most councils have no overall control and nearly half of members are new to local government.

2. In September 2007, the new Scottish Government published '**Principles and Priorities: The Government's Programme for Scotland**'. This stated the Government's overall purpose as being *"To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth."* The Government's programme outlined five strategic objectives with an emphasis on encouraging cross cutting work:

   - WEALTHIER & FAIRER – Enable businesses and people to increase their wealth and more people to share fairly in that wealth.

   - SMARTER – Expand opportunities for Scots to succeed from nurture through to life long learning, ensuring higher and more widely shared achievements.

   - HEALTHIER – Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care.

   - SAFER & STRONGER – Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life.

   - GREENER – Improve Scotland's natural and built environment and the sustainable use and enjoyment of it.

3. The Government has set a strategic framework to deliver sustainable economic growth in Scotland, with simpler government and a focus on outcomes and best value for citizens. The Government wants to give councils more flexibility and also recognises the role of the voluntary sector and the importance of community planning partnerships. There is an expectation of a move towards more effective performance management systems using outcome agreements and a strong expectation that councils will share services. Efficient use of resources continues to feature as an overall requirement.

4. While the new Scottish Government has issued its plans for expenditure and outlined its priorities, it is too early to assess the extent to which the new politics in Scotland will change the big issues facing local government. Certainly moves towards a new relationship between central and local government

have been a key part of the government's stated objectives, and the early signs of this are beginning to be evident in the development of a more outcome focussed approach. We have made reference to these developments in this year's PRF but have also continued last year's issues with updated background material to reflect the current situation.

## What is the role of the PRF?

5. The Code of Audit Practice and International Standards on Auditing require auditors to understand their client's business and environment, sufficient to identify and assess the risks of material misstatement. Our understanding will be informed by the PRF.

6. The local government PRF is a national tool used by auditors to plan the risk-based audits of local authorities in Scotland. It is updated annually and identifies the key national initiatives and priorities facing clients in the coming year as well as the main risks to their achievement. This helps to ensure that audit work is properly focused and takes account of sector specific national priorities and risks. It is also used to deliver an integrated audit across Scotland which addresses the priorities and risks of local government from a top down (national) and bottom up (local) perspective.

7. The national view presented by the PRF is combined with the auditor's understanding of the key priorities and risks operating at the local level. This means auditors take account of matters unique to individual councils as well as national priorities and risks which affect the local authority sector as a whole.

How is the PRF used?

8. Auditors discuss the risks contained in the PRF with their clients. Together with other information, the results of these discussions inform the audit plan. It is important to emphasise that the PRF is used by auditors to assist them to prepare plans and does not result in detailed audit work in each of the areas identified in this document.

9. However, the PRF does have other uses. It influences our national performance audit study programme and informs the local authority overview report. PRF discussions provide a useful source of early intelligence about the risks facing the local authority sector for the Accounts Commission. The exhibit on the following page shows where the PRF fits within our overall approach to local authority audit.

10. There are also close links with our Best Value audits. In councils where a Best Value audit has been completed, the Best Value report and supporting evidence is used in the assessment of the council's arrangements to address the issues and risks identified in the PRF. If a Best Value audit is not already completed, the information obtained from the PRF discussions will be available to support the Best

Value audit. This is consistent with our commitment to joined-up audit and with our ongoing work to develop our approach to the audit of Best Value, in preparation for the second round of Best Value audits.

Exhibit 1: The PRF and our overall approach to local authority audit
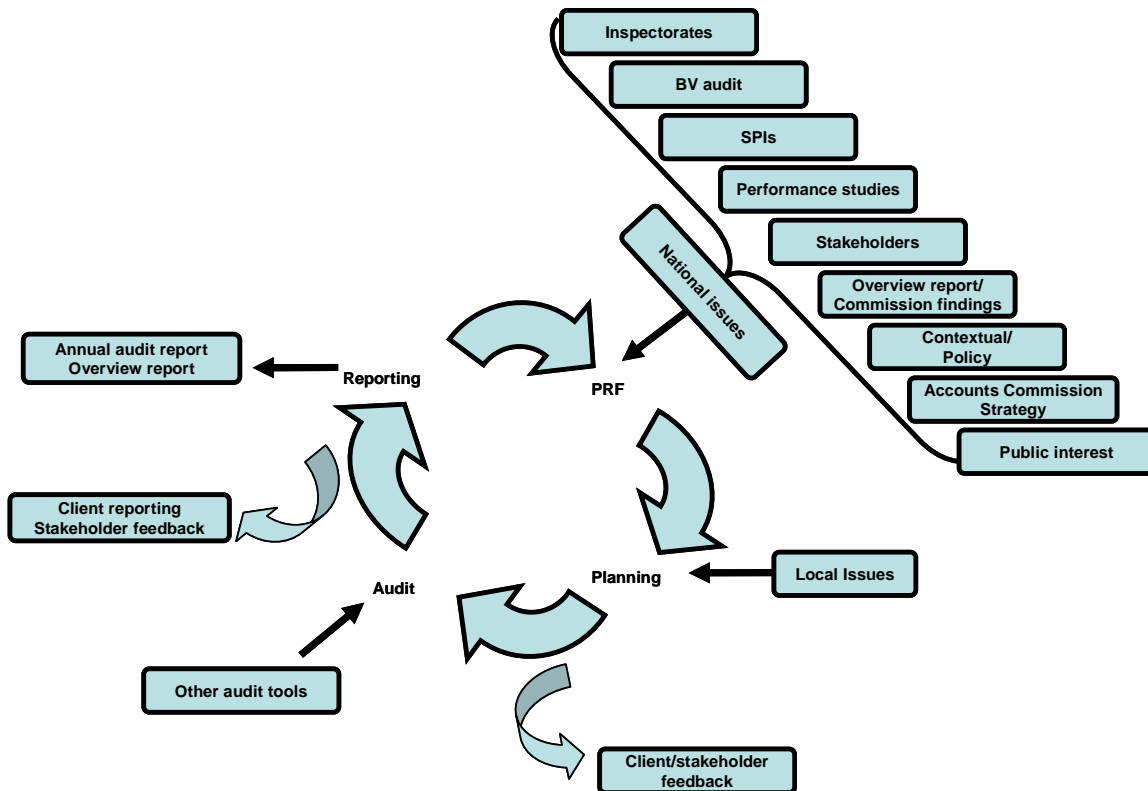
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11. We are sensitive to the fact that even though arrangements to address the issues in the PRF may be weak, it does not automatically follow that the risks will crystallise. We also recognise that risk exists in all organisations that are committed to continuous improvement. The objective is to be risk aware, with sound processes of risk management, rather than risk averse. Indeed, organisations which seek to avoid risk entirely are unlikely to achieve Best Value.
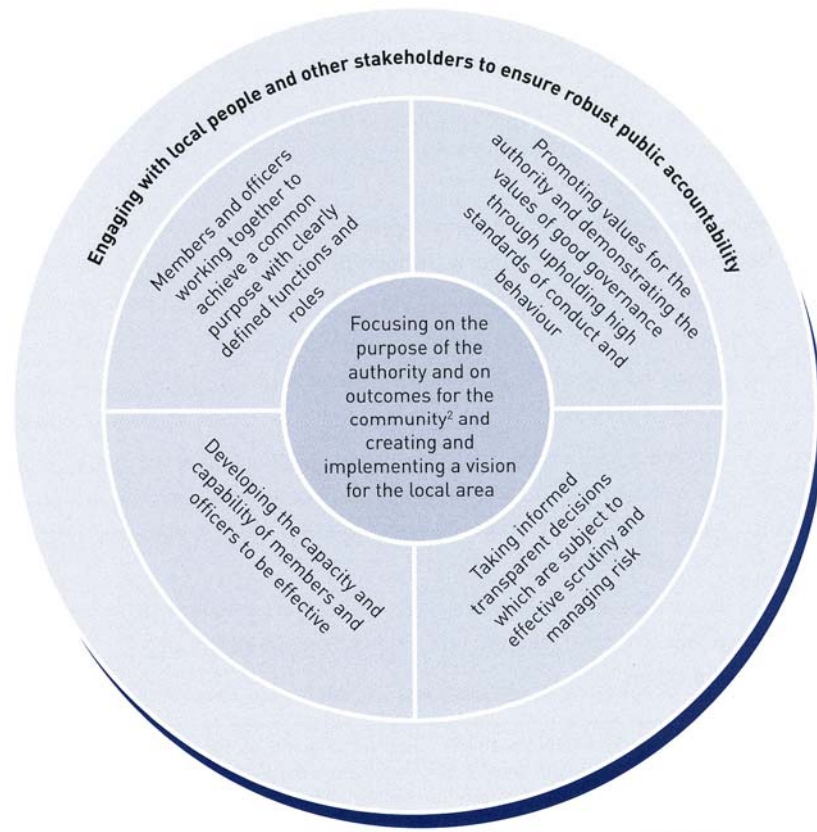
Political governance

Background

12. Elected members play a vital role in the success of their council in meeting the needs of local citizens and communities, and in the quality of life that they experience. This role is complex and continually evolving, but includes the following key elements:

   - political leadership – providing clear political direction for the council through decision making/influencing, determining strategy and setting budgets, representing the council and developing effective working relationships with partners

   - community leadership – representing their ward and constituents, enabling and empowering local people and acting as their advocate, advancing the well-being of the area and its communities and shaping services around the needs of the citizen

   - scrutiny – scrutinising effectively the actions of the council leadership and holding it to account for its performance, challenging the administration and senior officers in relation to the performance of services, the substance of policies and how they fit with the overall objectives of the council, the effectiveness of a policy in terms of implementation and the adequacy of corporate controls.

13. Councillors exercise their role within the overall political governance framework that they decide is most appropriate to local circumstances. The mechanisms to ensure effective scrutiny, in particular, are not prescribed in statute or in guidance and a number of different approaches are possible. Within the overall framework that is in operation, the council leader and senior councillors have particular responsibilities in areas such as policy formulation and political direction. However, all councillors play an active part in political governance, ensuring that the council is effective in delivering the necessary outcomes for its citizens and communities.

14. If political governance is to be effective, elected members need high quality support from council officers. This includes access to key information of suitable quality, provision of professional advice and support to develop their knowledge and skills. Members and officers need to establish a good working relationship and identify the specific support required, responding to the developments affecting members' roles.

15. Following extensive research and consultation, a CIPFA/SOLACE joint working group published '*Delivering Good Governance in Local Government Framework*' and a supporting guidance note in the summer of 2007. The principles and standards set out in the Framework will help authorities to

provide stronger leadership for communities. Exhibit 2 illustrates the six core principles in the Framework.

Exhibit 2: The Principles of Good Governance

The following six core principles are taken from *'The Good Governance Standard for Public Services'* [2004] developed by the Independent Commission on Good Governance in Public Services and have been adapted for local government purposes.

Engaging with local people and other stakeholders to ensure robust public accountability

Members and officers working together to achieve a common purpose with clearly defined functions and roles

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Focusing on the purpose of the authority and on outcomes for the community[2] and creating and implementing a vision for the local area

Developing the capacity and capability of members and officers to be effective

Taking informed transparent decisions which are subject to effective scrutiny and managing risk

CIPFA/SOLACE 'Delivering Good Governance in Local Government'

16. The Local Governance (Scotland) Act 2004 introduced a range of measures representing the biggest change to local government since the reorganisation of 1996. The Act introduced proportional representation to the 2007 local government elections and multi-member wards. These elections resulted in significant changes to council membership, including a number of new members and more hung and/or minority councils. The creation of multi-member wards in particular will require new ways of working that will support efficient representation and sharing of workload within each ward.

17. The Act also established the Scottish Local Authority Remuneration Committee, which introduced amendments to remuneration arrangements and severance payments for councillors. All councillors must now have a job description and a personal development plan.

18. As elected representatives, councillors have a clear legitimacy to be the voice for their area, both individually at ward level and collectively to advance its well-being. Ultimately they are responsible and democratically accountable to the local electorate for the overall performance of the council. In carrying out their role elected members require to balance the interests of their individual wards and the council as a whole.

19. Effective leadership and scrutiny is central to the successful allocation of resources for maximum public benefit and for ensuring proper accountability to citizens and communities. Elected members play a key role in making choices between competing priorities, setting objectives that reflect the needs and aspirations of their communities and ensuring that these are met through the services that the council provides. They need to ensure that their council fulfils its statutory duty to secure Best Value, taking decisions on service delivery on the basis of evidence and performance.

20. Increasingly councils are working jointly with partners in the public, private and voluntary sectors with the aim of providing better public services and to ensure people and communities are genuinely engaged in decisions on public services which affect them. Elected members play an important role in community planning and in the development of shared services.

21. Councils are also working with companies, trusts and other external organisations to deliver a range of services, including leisure services and services which provide social benefits. The principles set out in the Following the Public Pound Code[1] are therefore of increasing importance. This underlines the need for good governance and clear accountabilities, in relation to both finances and performance. Where councils set up external organisations to deliver services and decide that elected members are to represent the council on boards of companies or on trusts, councils must ensure that those members are properly supported and advised about their roles and responsibilities.

Key risks

The role and expected competencies of elected members

22. There may be an absence of clarity about the role of individual elected members within the overall political governance framework, including community planning bodies and arms length or external organisations. Roles and expected competencies of councillors should be clearly defined.

23. Elected members may not have access to appropriate training and development tailored to their needs and the competencies they require to be effective in their role. New members in particular may

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[1] *'Code of Guidance on Funding External Bodies and Following the Public Pound' Accounts Commission/COSLA 1996*

be unable to access high quality induction support that enables them to be effective from the outset. An induction programme should be in place for newly elected members as well as a training needs analysis programme linked into individual development plans for all members.

24. There is a risk that councils are not always able to demonstrate that they have taken informed transparent decisions which are subject to effective scrutiny and risk management.

Support available to elected members

25. The information provided to elected members may not be of sufficient quality to support decisions based on evidence and performance. Information submitted to members in areas such as performance, outcomes, use of resources and options appraisal should be of sufficient quality to convey the necessary understanding of performance against strategic and service objectives and to support evidence based decision making.

26. Professional support and advice may not be effective in ensuring that decisions are consistent with existing commitments and are properly founded on evidence and performance. Reports provided to members should contain details of the resource implications relevant to the issue being considered.

27. Professional support and advice may not be effective in ensuring that a shared vision for the council's services and priorities is established, that clear choices are made which are consistent with this vision and these are affordable and sustainable. Senior officials should manage their relationships with members to ensure that difficult choices are made and decisions are properly founded on evidence and performance.

28. Existing working practices and structures may not be the most efficient or effective to support representatives of multi-member wards and the need for members within these wards to work together. Councils should assure themselves that existing working practices and political management arrangements are effective in response to the introduction of multi-member wards and proportional representation.

Accountability for performance

29. The lack of a published, balanced and understandable account of the council's performance may limit the effectiveness of democratic and managerial accountability. Performance reporting should be balanced and easily comprehensible.

30. The transition between outgoing and incoming administrations may have caused disruption to council business that will impact on the overall performance of its services and council scrutiny arrangements. Arrangements should have been put in place to manage the transition between administrations and to ensure governance and scrutiny arrangements have been retained during this period.

31. Changes in administration may impact on the council's decision making process and may lead to previous council decisions being reversed or amended. Robust decision making processes should be in place to ensure the needs of the local electorate are met.

Community planning & partnership working

Background

32. Councils have always planned and delivered many of their services in partnership with other public, private and voluntary organisations. Community planning is intended to provide the strategic framework for partnership working within each council area. This section covers both community planning and other partnership working the council may be involved in.

33. The Local Government in Scotland Act 2003 provides the statutory basis for community planning. The Act requires councils to initiate and facilitate the process and places a duty on health boards, the enterprise network, the police and fire services, Strathclyde Passenger Transport Authority and Regional Passenger Transport Partnerships, to participate. Councils are also required to invite other relevant public, private and community bodies in the area to participate as appropriate.

34. Audit Scotland's baseline study on community planning, *Community planning: an initial review,* June 2006, identifies the challenges facing community planning partnerships (CPPs). It makes recommendations for action by the Scottish Government and its agencies, partner organisations and CPPs themselves.

35. Since 2005/06 the most significant source of funding for CPPs has been the Community Regeneration Fund (CRF). Around £318 million over three years is being distributed (via councils) to bring improvements to Scotland's most deprived areas and help individuals and families escape poverty. CPPs have agreed Regeneration Outcome Agreements which set out how they intend to use the funding, alongside their own resources, to deliver specific regeneration outcomes. Some changes to these arrangements and restructuring of regeneration funding are expected to result from the move towards outcome agreements from April 2008.

36. The environment in which councils have to discharge their community planning responsibilities is a complex one:

    - partner organisations have different accountabilities, financial arrangements and often have different boundaries – partner organisations which are nationally accountable (e.g. NHS Boards, LECs) may have to meet national targets which can restrict their flexibility in responding to local needs

    - councils and CPPs have to accommodate a wide range of existing partnership arrangements for specific service areas, some of which are long-standing. For example, Joint Future

arrangements, community safety partnerships, drug and alcohol action teams. They must also accommodate more recently developed partnerships, such as Community Health Partnerships and Community Justice Authorities.

37. Community planning and other partnership working is about how councils work with public, private, business and voluntary organisations, and with their local communities, to identify and solve local problems, improve local services and share resources. Considerable staff time is spent in activities connected with partnership working – and councils need to be able to demonstrate the benefits of this staff investment through improvements in services.

38. Areas covered by partnership working can also involve significant amounts of money, both from partner organisations' core funding and from Scottish Government funding for specific policy initiatives.

Key risks

Governance / Accountability

39. The council may not be providing effective civic leadership or facilitating agreement between partners on the strategic priorities for the area, leading to national priorities dominating local needs and local partnerships reacting to national initiatives in an unmanaged and uncoordinated way. The council should be ensuring that local priorities are addressed rather than attention being focused solely on national issues.

40. The council may not have developed a strategic approach to its partnership activity, leading to partnership 'overload', ineffective use of staff time, partnership activity not contributing to the council's strategic priorities, and gaps and duplication in partnership arrangements. The council should have reviewed its participation in partnerships and be able to demonstrate how its partnership activity is contributing to its strategic objectives.

41. Governance, scrutiny and performance monitoring arrangements for the CPP and related partnerships may not be properly developed, and the council is unable to demonstrate that resources allocated to partnerships are being used efficiently and effectively. Robust monitoring and reporting arrangements should be in place to ensure that money provided to partnerships, including the Community Regeneration Fund, is being spent as planned, with proper controls in place, and is achieving agreed outcomes.

42. The council, with other community planning partnership members, may not have established clear arrangements for the governance and accountability of the CPP and its sub groups. The responsibilities and accountabilities of partners should be clearly defined. Effective performance

reporting should be in place to allow the partnership to demonstrate that outcomes have been achieved.

43. The council may not have engaged with community planning partners to consider how best to respond to the outcome based approach being developed at a national level between central and local government. Many of the outcomes that are emerging as part of the Scottish Government/COSLA concordat would require joint working between community planning partners.

Achievement of objectives

44. Partnerships in which the council is involved may not deliver the intended improvements in services or community wellbeing. Robust performance reporting arrangements based on outcomes should be in place to demonstrate any improvement or deterioration in service provision.

45. The council may not have fully incorporated relevant community planning priorities and plans into its own service planning and budget setting processes, and community planning objectives may not be achieved. The council should have fully reflected community planning and partnership plans in the council's service plans and budgets and be able to demonstrate how its partnership activity is contributing to the achievement of its strategic objectives. Additionally, as the amount of ring-fenced money coming to councils is reduced and incorporated into the overall settlement, councils will need to ensure that they continue to meet any ongoing commitments made with partners.

46. The results of the local elections may have impacted on the progress made by the CPP with the appointment of newly elected members. Arrangements should have been put in place to ensure progress was not adversely affected by elections.

47. Operational problems arising from, for example, different IT systems may cause difficulties and may be a barrier to efficient joint working.

Community engagement

48. Consultation and engagement with local communities and service-users may be poorly co-ordinated between different partners and ineffective; the council may not be maximising the use of information from community engagement to improve its own services, inform community planning activity and, in the context of best value guidance, demonstrate responsiveness to the needs of its communities and citizens. The council should have processes in place and be able to demonstrate how it uses information from community engagement to inform decisions regarding the provision of council services. It should also be reporting the impact of community planning on service users and communities in a clear, accessible and effective manner.

Performance management

Background

49. Good governance and the achievement of Best Value rely on having good information on which to base decisions about allocating resources to competing demands, improving service delivery and managing performance. An effective corporate performance management system is essential to enable elected members and senior managers to form an overall view of how their council is performing across all areas of activity. Councils need to know how their services are performing before they can demonstrate that they are improving, offer value for money, are competitive and are of high quality.

50. The Controller of Audit's 2006 overview of the local authority audits concluded that:

    - councils have some way to go to develop and implement systematic performance management of their services. While some councils have made good progress, the best value audits show that performance management is underdeveloped in most councils

    - elected members need better information about service performance if they are to exercise their scrutiny responsibilities effectively

    - councils continue to place too much reliance on the statutory performance indicators as the primary tool for measuring performance. The SPIs are useful for comparing some aspects of council performance but, by their nature, only provide limited information. They cannot reflect the priorities of individual councils and they do not provide full coverage of the key aspects of all services.

51. Performance management is a core issue facing local government, of key importance in achieving national and local policy objectives and providing quality services. Best Value also requires councils to demonstrate continuous improvement in services and to address equality and sustainability duties. An effective performance management system should demonstrate whether or not objectives have been achieved, monitor standards, highlight areas for action and act as a driver for service improvement.

52. Good quality performance information is essential for informed decision making and allows elected members to scrutinise performance and hold management to account for service delivery. Councils also require accurate performance information to report regularly to the public on all aspects of their activities. To allow the public to hold councils to account, this reporting requires to be accessible, user friendly and should be accurate and balanced.

53. The need for improvements in performance management by councils has also been recognised by other stakeholders. Audit Scotland is participating in a number of projects that have been established to support improvement across the local government sector. This includes the "Local Authority Performance Management Framework Project" that has been led by the Scottish Government and in addition to Audit Scotland, has had representation from COSLA, SOLACE, the Improvement Service and CIPFA. In recent months, the project's main activity has been in supporting the development of an outcome based approach.

54. As part of the financial settlement for local government announced in November, a concordat was signed between the Scottish Government and COSLA's Presidential Team. This includes: plans to establish outcome agreements with each of the 32 councils for implementation in April 2008; reduced ring-fencing of local government funding; and specific commitments to ensure delivery of key government policies. The concordat is set within the context of a new relationship being developed between central and local government, underpinned by streamlined external scrutiny and improved performance management. Councils will be required to submit a report on their progress and achievement against the national outcome objectives around the end of the 2008/09 financial year.

Key risks

Corporate priorities

55. Priorities and objectives may not be clearly articulated at corporate or service level or may lack specific and measurable outcome targets. As a consequence, resources may not be targeted effectively at priority areas and there is a risk that the council may not achieve what it intends. The council should have clearly defined corporate priorities which are clearly identified in a hierarchy of plans ranging from the community plan, through corporate and service level plans. These plans should contain measurable performance targets.

56. Corporate and service plans may not integrate with and provide linkages between resources (budgets, workforce and asset management plans) and performance to demonstrate whether outputs and outcomes have been maintained, improved or have deteriorated.

57. Statutory duties, such as those associated with equalities issues or the need to consider sustainable development, may not be addressed throughout the organisation to a minimum standard. Steps should have been taken to ensure that the council complies with statutory duties on equalities and sustainable development and that minimum standards are addressed throughout the organisation.

Performance indicators

58. The right things may not be measured, meaning that the council may be unable to demonstrate the quality, effectiveness or cost of its services overall. There may be an over-reliance on SPIs to the

exclusion of local performance measures which may result in a failure to monitor the achievement of local priorities and skew improvement activities to areas covered by SPIs. Performance measures should be in place which assess cost and quality for each area of activity and focus on the outcomes and experience of users.

59.   Performance information may not be produced on a timely basis and be quality controlled to ensure it is robust. Arrangements should be in place to ensure performance information is produced when required and is of a high standard to facilitate effective performance management. Performance information should result in clear remedial action to address any poor performance and the effectiveness of remedial action should be monitored.

60.   Baseline performance data may not have been established so that performance can be compared over time. The council may be unable to demonstrate it is meeting its statutory duty of Best Value, which requires continuous improvement in services.

61.   Minimum service standards may not have been established or published, with the result that the public are unaware of the quality of service they are entitled to expect or how the standard of service compares with other councils. A clear framework outlining what is expected of services should be in place and communicated to the local residents.

Monitoring performance

62.   Performance management may be ineffective. Deficiencies in information or monitoring may mean that the causes of poor performance are not properly identified to allow appropriate remedial action, or that successful performance may not be identified and used for organisational learning. An effective performance management framework should be in place and operating throughout the organisation. This should include effective monitoring of performance over time, against corporate and service targets and against 'absolute' standards or that achieved by others.

Performance reporting

63.   Service users and the wider public may not receive balanced information about performance. As a result, statutory duties may not be met, democratic accountability may be ineffective and the expectations of residents and customers may not be properly managed. Appropriate information should be provided to the public on targets, actual performance and planned improvements. This should provide a balanced view of performance and cover core service delivery as well as initiatives and new projects.

Financial planning

Background

64. Councils administer large sums of public money within a complex financial and policy environment, often as key partners in delivering central government and local policy objectives. Financial planning is critical to ensuring that significant public monies and assets are applied to meet national priorities and the needs of local communities.

65. Annual revenue expenditure on local authority services is in the region of £16 billion and is financed from government grants and redistributed income of roughly £11 billion, rents and other income of £3 billion and council tax of approximately £2 billion.

66. The Controller of Audit's *'Overview of the local authority audits 2006'* reported that:
   "overall financial management in Scottish local government is sound and there is evidence that concerns previously expressed…are being addressed."

67. The new political make up of Scottish local authorities and the need for increased levels of consensual politics mean that the administrations in place within local authorities must plan carefully to deliver improved and innovative agendas for effective long-term service delivery. The Scottish Government's commitment to deliver a freeze in council tax at 2007/08 levels as well as the proposal to reduce or remove the rates burden for Scotland's small businesses clearly reduces the ability of local authorities to raise additional revenue or finance the delivery of additional services. Although the Scottish Government has planned in its budget proposals to compensate councils for the gap created by any council tax freeze this may not be at the levels required by councils to deliver all their priorities. Council tax increases are still at the discretion of local authorities.

68. Because of challenging constraints on resources, councils must make increasingly difficult decisions to balance demands for improvements in both the volume of services delivered and in the performance of those services. Central government financial support through Aggregate External Finance increased by 2.9% in 2007/08, any potential increase for 2008/09 is unlikely to be fully known until the Scottish Spending Review (SSR07) is concluded and the budget agreed. The Scottish Government's intention is that 2008/09 council tax levels will be frozen at 2007/08 figures. The new administration has also announced an intention to begin a consultation on proposals to replace council tax with a local income. Local government will be expected to continue to deliver efficiency savings over the three years of SSR07, although the efficiency savings assumed within SSR07 have yet to be announced. As part of its November announcement on spending plans, the Government indicated the likelihood of councils being allowed to retain efficiency gains to invest in improved services.

69. Councils are reporting significant financial pressures in 2007/08 and beyond, including:

- equal pay (addressing disparity between male and female pay and conditions)

- single status (the cost implications of merging the pay and working arrangements for APT&C and manual employees)

- waste initiatives (incorporating the National Waste Strategy, working towards meeting the EC Landfill Directive, recycling targets and refuse collection)

- education pressures (including reducing class sizes, increased access to education for asylum seekers and increasing the quality of school estates)

- increases in costs above inflation in significant areas e.g. energy

- increasing demands and pressures in relation to social care services.

70. The Scottish Government has indicated that future settlements will involve less ring-fencing of funding. It is therefore essential that councils have effective systems in place to prioritise expenditure in terms of policy commitments.

71. It has also been outlined by the Scottish Government that it will focus on outcomes. Councils must therefore be able to demonstrate the impact and achievements they have made with the funding received rather than merely demonstrate that the funding has been spent on initiatives approved by the Scottish Government.

72. To achieve the priorities for their communities, councils need a flexible budget process, aligned to the planning cycle, to enable them to direct resources to where they are most needed. The Best Value audits show that few councils use the priorities identified in their corporate plan as a basis for setting budgets.

73. Funding and investment decisions have an impact on the future availability of resources and, therefore, on the delivery of services over the longer term. For example, councils have made long-term financial commitments to PFI projects with a combined capital value in excess of £3 billion. In addition, local authority debt totals some £9 billion and will require to be financed from existing resources. Employing new staff also has a significant whole life cost for a council beyond the traditional annual establishment budget, such as future pension costs. It is important that financial plans address the long term sustainability of the council's income and expenditure.

74. The timing of SSR07 has resulted in the first year of the funding period of SSR07 being aligned with the first full financial year of the new electoral term. This provides Scotland's local authorities with a clear opportunity to develop work programmes and priorities that can be properly reflected in three year financial planning documents.

Key risks

Budgets and budgetary control

75. Budgets may be incremental and set corporately to meet overall spending plans. These may not reflect a prioritisation of individual service need and may not receive the necessary commitment from service officers. As a result, there could be a disproportionate budgetary pressure on different parts of the council leading to a reduction in service delivery or over-spending. The council should have arrangements in place to prioritise budgetary demands. This should be applied consistently throughout the year and supported by an underlying costing mechanism that can provide comparable data across the council's activities.

76. As financial pressures crystallise e.g. increasing demand from vulnerable clients, budgets may not be reviewed to reflect the changes or may be subject to top-slicing without a review of overall priorities, resulting in potential over-spends or an ineffective use of resources. The council should 'horizon scan' and actively monitor and assess the ongoing impact of significant financial pressures, and the extent to which the financial plan covers the medium to long-term taking into account existing commitments and projections.

77. Capital projects may not be linked to revenue budgets and may not be effectively managed to avoid slippage. Arrangements should be in place to identify slippage as it occurs and take appropriate corrective action and steps should also be taken to ensure capital funds are not obtained in advance of need.

78. The council may not have a sound budgetary control system in place which includes formal accountability and budget control arrangements for budget holders, finance staff and elected members.

79. Councils may not be able to effectively identify sufficient efficiency savings to enable them to deliver the proposed level of services. The council should monitor and evidence efficiency savings against efficiency targets and deliver the required levels of efficiencies to meet their policy objectives.

80. The lack of linkage between revenue and capital budgets may result in ineffective planning or delays in the completion of policy and project objectives.

National influences

81. The pressure to freeze council tax levels may result in non-optimal, or unaffordable, decisions on investment and/or quick wins but not in sustainable savings initiatives. Also, council tax debt could increase if the public believe that it is likely to be abolished.

82. The Scottish Government has indicated that it would like to reduce the level of ring fenced, initiative or non-recurring monies. It is important that councils are therefore able to demonstrate that the outcomes expected are still being delivered as well as the local priorities of individual councils. Poor planning, or receipt of funds late in the year, may result in inefficient use of the funding or failure to achieve national or local priorities.

83. There is also a risk that councils may not deliver the cost and service efficiencies expected from shared services.

Joint working

84. The approach to financial planning may not support effective joint working, restricting the ability to achieve community planning objectives. Financial information systems may not be sufficiently integrated or flexible to enable strategic planning with partners. The council should ensure that financial planning and decision making is effectively co-ordinated with partners and financial information systems in place should be able to support joint working.

85. Financial pressures and potentially tight settlements may have resulted in resources being used to deliver council priorities rather than partnership initiatives.

Long term planning

86. There may be a failure to integrate financial planning with corporate/service planning and performance management processes that could result in resources not being targeted to priorities or reflecting changing demographics (including the impact of migration). There should be a clear link between the financial plan and corporate/service plans which transparently matches resources to priorities and focuses on 'whole spend' rather than only additional funding or new activities.

87. There is a risk that long term plans will be ineffective if there is a lack of a sustainable, robust and affordable approach to capital planning that is clearly linked to corporate priorities, is based on comprehensive asset management plans, and involves a sound system of capital prioritisation and option appraisal.

88. There may be an absence of a corporate strategy for managing reserves which could result in funds being accumulated unnecessarily or an inadequate cushion held to deal with emergencies. With reserves being used to meet pressures such as equal pay, they may fall below any policy levels and increase the risk to financial stability. Financial plans should support adequate levels of reserves and balances. Where appropriate the council's plans should include programmes and timescales to build reserves and balances back up to appropriate levels.

89.	Plans may not be in place for the use of ring-fenced funding, with monitoring and reporting procedures to demonstrate how funds have been used, and whether exit strategies are in place for the end of the funding stream.

Training

90.	Sufficient financial expertise may not be available within the council to deliver effective financial management. The council should ensure that a continuing and well-structured programme of staff development and training on financial issues is in place.

91.	Elected members of an authority who are members of the audit function or scrutiny arrangements may not have received appropriate financial and scrutiny training. Relevant training programmes should be in place for elected members.

Workforce management

Background

92. Councils decide their corporate priorities and how to deliver services. The successful delivery of these services, whether directly by council staff or by others and monitored by council staff, depends on the capacity, capability and competency of the workforce.

93. In March 2006 the number of staff employed in local government was 262,600[2] (full time equivalent). In expenditure terms, this is the largest element of spend with annual staff costs exceeding £6 billion or 40% of overall revenue budgets. So it is vital that the workforce is planned and managed well.

94. Workforce related issues are at the forefront of local government business, as councils continue to deal with outstanding equal pay claims including those at industrial tribunal. In addition the single status agreement has yet to be implemented at a number of councils. Councils also need to consider the introduction of proposed changes to the local government pension scheme and the introduction of the age discrimination legislation that was introduced in October 2006. These affect employer/employee relations and the financial implications are significant.

95. At the same time councils need to continue to consider the effect of the changes at senior manager level and, more generally, the effect that changes in demands for services and the way in which services are delivered is likely to have on staff numbers and skills.

96. The single status agreement between local government employers and trade unions has been in place since 1999 and involves merging the pay and working arrangements for APT&C and manual employees. While the agreement stipulates the need to minimise costs, local negotiating strategies have been significantly affected by the cost of harmonising the standard working week. The agreement gives councils the opportunity to review existing policies and employment arrangements to bring to an end outdated working practices, while complying with equal pay requirements. In 2006/07 as councils have tried to implement single status agreements there have been threats of strike action and staff morale and employee relations have fallen. Councils that are still in the process of reviewing and or negotiating pay and grading structures to comply with single status could face additional equal pay claims and/or equal value claims.

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97. The Local Governance (Scotland) Act 2004 introduced a range of measures representing the biggest change to Local Government since re-organisation in 1996. It is generally accepted that, in part due to the age profile of the current senior management post holders within local government, including head teachers, that many will take the opportunity to retire or otherwise leave local government service. This presents challenges to ensure that effective succession planning is in place in what will be a period of significant change up to and beyond the current financial year.

98. As part of its drive for efficiency, the Scottish Government promotes good workforce management and encourages shared services as a way of releasing efficiency savings and driving up service quality and consistency. These proposals will continue to have a significant impact on workforce needs and workforce planning in the future as councils look for more efficient ways of providing services.

99. The 2006/07 PRF work indicated that councils continue to experience difficulties in recruiting and retaining experienced staff, notably in social work (particularly in rural areas) and in education. The 2006/07 work also concluded that there continues to be little in the way of systematic planning for the corporate impact of demographic changes and the skills required to meet and provide for the future realignment of service needs.

Key risks

Single status and equal pay

100. The implementation of the single status agreement will continue to affect employer/employee relations and, in turn, may affect service delivery and the achievement of corporate objectives and performance improvements. The same is true of equal pay claims.

101. The ongoing costs of equal pay, single status and age discrimination may not be properly budgeted for and have further financial implications. The council should ensure that pay and reward systems meet legislative requirements under the Equal Pay Act and that any areas of discriminatory practice have been addressed. All relevant costs should be included in appropriate budgets.

102. In implementing the single status agreement, the opportunity to review and redesign services or modernise working practices may not be taken. The council should take the opportunity when implementing the single status agreement to review, redesign and modernise working practices.

Workforce management

103. A workforce strategy will identify risks in relation to workforce matters, covering issues such as health and safety, equalities, business continuity and succession planning. A comprehensive workforce strategy may not be in place. The council should ensure a strategy is in place to address health and safety, equalities, business continuity and succession planning issues.

104. The council's employment and recruitment polices may not be fully in line with the council's commitments and legislative requirements. The council should ensure that employment and recruitment policies are in line with commitments and legislation as well as ensuring they are applied in a consistent manner across the council.

105. Information on staffing capacity and skills may not be available to support decisions on workforce management and planning. Skills audits should be used by the council to identify the skills currently available, and to compare these to current and future requirements.

106. The performance of all staff may not be regularly assessed and staff may not be actively supported in improving and/or developing their skills. The council should have performance assessment processes in place which link performance assessment to training, re-skilling and development strategies.

107. Staff surveys are important to establish staff attitudes and determine whether the workforce feels valued and that their skills and knowledge are used effectively and to the full. A recent staff survey may not have been carried out.

108. Information on current and future service demand and capacity may not be sufficiently robust or accurate to inform decisions to support workforce management, planning, recruitment and development. The council should quantify workforce requirements in terms of both numbers and skills of staff in the short, medium and longer term and should ensure this takes account of service redesign from best value reviews and other changes in working practices, training, service delivery and resources.

109. Information on the age profile and career intentions of current senior management, and other key staff groups where there are recruitment difficulties, is important to inform succession planning. The council should ensure processes are in place to ensure relevant information is available to allow succession planning.

Efficient use of resources

110. Workforce management may not be sufficiently linked to the financial strategy, leading to problems in meeting employee related costs, including pensions, in the longer term. The council needs to consider workforce management along with its financial strategy.

111. There is a risk of inertia in the form of a reluctance to consider organisational restructuring or the opportunities shared services may bring. This may limit best use of capacity and/or available skills across the organisation and between potential partners. Workforce plans and strategies should be aimed at achieving both corporate objectives and the objectives of community partnerships and therefore should be linked to both corporate and community plans.

Absence management

112. Arrangements for managing absence may not be effective in tackling abuse and work-related causes of ill-health and in supporting staff so that they can return to work. The council should have arrangements in place to ensure all absences are adequately managed.

Procuring and managing assets

Background

113. Best Value requires councils to demonstrate the sound use of the resources in their control, covering physical assets as well as financial resources and human resources. Definitions of assets vary, with the focus traditionally being on capital assets such as infrastructure, land and buildings, but the principles of good asset management also extend to other assets such as stock and facilities.

114. Scotland's councils control and manage a substantial portfolio of assets in delivering public services. The total value of capital assets alone is in the order of £22 billion and includes schools and other buildings, roads, parks and leisure facilities as well as plant, vehicles and equipment. Councils spend around £1.5 billion annually in acquiring new assets or enhancing existing assets and the annual running costs associated with managing and financing assets constitute the second highest element of revenue budgets after employee costs.

115. Asset management involves full life cycle management of assets in order to maximise their advantage. It covers acquisition and disposal, replacement and improvements and the maintenance of capital assets. Councils are required to take a strategic approach to asset management, viewing assets as a corporate resource to support new ways of working, including partnership working. Best Value also requires councils to find a balance between quality and cost in decisions relating to the procurement and use of assets, and requires a sustainable long-term approach to asset management.

116. At the same time there is a greater focus on public sector procurement, particularly since publication of the McClelland report in March 2006. This report highlighted that there is considerable scope for improvement across the Scottish public sector in terms of procurement practices and organisation and the skills and resources devoted to the function. Procurement is a strategic issue which has long-term consequences for the financial position of councils and the overall management of assets.

117. Asset management and procurement are two of the five efficiency work-streams. This section of the PRF focuses on the strategic and operational management of assets, including the procurement and use of assets.

118. The appropriate use of assets in the right location can make the difference between good and poor service delivery. Good asset management helps to ensure that frontline services are delivered in the most effective and efficient way. Effective asset management can release resources, generate both revenue and capital, and improve value for money in service delivery. There can be a considerable 'opportunity cost' in holding assets, such as tying up resources in retaining property not in use or holding excessive stock.

119. As both asset management and procurement are key work-streams of the efficiency initiative, councils should have examined ways in which their use of assets and purchasing policies could be made more effective and efficient. Strategies in these areas should have been referred to in the annual efficiency statement published by councils in the autumn of 2007.

120. A new Statutory Performance Indicator on the proportion of operational accommodation that is suitable for current use, condition and suitability, was introduced in 2006/07, reflecting the increased recognition of the importance of asset management. The information generated for this SPI should form useful information on how well councils manage their physical assets.

121. The Local Government in Scotland Act 2003 reduced central control over local authority capital expenditure and replaced it with a prudential regime which enables councils to invest as long as their capital spending plans are affordable, prudent and sustainable. Capital investment decisions need to be underpinned by a robust asset management planning process which ensures all options are considered and that decisions represent the best fit to corporate objectives.

122. Although there is a growing awareness of the value of good procurement, the McClelland report highlighted that there is still an insufficient level of practical priority given to it. The Efficient Government Plan also claims that there are major gains to be made from better procurement procedures and working practices and recommends that efficiencies should be made through the use of electronic procurement and public services joining together to maximise purchasing power through collaborative buying.

123. The McClelland Report challenged local government to make significant improvements in procurement in a relatively short time frame. The complexity and scale of rising to this challenge demand the initiation and management of a co-ordinated programme or work. This programme of work has commenced and includes initiatives at all levels and across all organisations within local government, including:

- changes to policy

- delivery of cross-sector collaboration and structures to support it including the establishment of a centre of expertise (Scotland Excel)

- improving procurement management information

- enhancing skills and practices

- improving procurement efficiency (e-procurement)

- improving supplier relations.

124. Based on information supplied by councils in spring 2006 in relation to the efficient government initiative:

- most councils have a procurement policy either in place or in draft

- the position on centralised procurement is mixed, with a substantial minority of councils taking a decentralised approach

- less than half of councils have implemented an e-procurement system to any extent.

Key risks

Strategic planning

125. Asset management and procurement may not be viewed as an integral part of the strategic and business planning process, with the result that business planning may not be supported by the most appropriate asset base. The financial consequences of acquiring, holding and maintaining assets may not be recognised in financial planning. The council should ensure there are clear links between the corporate business planning process and asset management strategies/plans should be regularly reviewed and updated to reflect current objectives. The council should ensure there is a clear commitment to both asset management and professional procurement practice throughout the council, with elected member and officer roles clearly set out and supported by training.

126. A corporate approach to asset management and utilisation may not be taken, which could result in a failure to take advantage of economies of scale or opportunities to share. Opportunities for sharing property or other assets with other organisations for the benefit of the community as a whole may not have been considered. The council should ensure good procurement and asset management principles are proactively promoted in organisations over which the council has significant influence. A corporate approach to both asset management and procurement should be undertaken within the council to take advantage of economies of scale, opportunities for sharing and scope for the development of greater professional expertise.

Information management

127. Information on asset condition and suitability may not be used to inform management proposals for new investment and maintenance plans. The council should ensure information on asset condition as reported in SPI's and elsewhere is complete and is reflected in up to date and accurate asset registers which inform financial and service plans.

Systems and techniques

128. Costs and time frames may not have been estimated to bring assets currently not in a satisfactory condition or accessible to disabled people up to an acceptable standard. The council should ensure such estimates have been carried out.

129. The value of anticipated efficiencies in better asset management and procurement practices may not have been established. The council should establish the levels of efficiency savings and the identified cash savings allocated to specific council initiatives.

130. Asset management systems may not be fully developed. The difficulties encountered should be identified and revised timescales set for implementation.

131. The opportunity cost of holding assets not in use or formally declared as surplus, or holding excessive stocks, may not be considered as part of the overall approach to asset management, with the result that resources may be tied up which could be redirected to frontline services. The council should consider opportunity cost as an integral element of the asset management approach, with these costs identified, reported and used to inform the decision making process.

Procurement

132. A comprehensive procurement policy which is applied across the council and reflects professional best practice may not be in place. The council should ensure a comprehensive policy on procurement is in place and is applied across the council. This should involve the use of e-procurement to generate savings through more efficient processes, improved management information and co-ordinated purchasing.

133. A central procurement function which takes advantage of the scope for efficiencies through a more joined up approach across the council and with other organisations, and allows the development of a professional approach to procurement, may not be in place. In order to avoid duplicated investment procurement arrangements should dovetail with those in existence at other local authorities and with Scottish Government expectations.

134. The recommendations on procurement contained in the McClelland report may not have been considered and applied. The council should ensure that the benefits from applying good procurement practice have been identified and applied.

Further information

Political governance

- Local Governance (Scotland) Act 2004 -
  http://www.opsi.gov.uk/legislation/scotland/acts2004/20040009.htm

- Transforming Public Services – The Next Phase of Reform - Scottish Government -
  http://www.scotland.gov.uk/Resource/Doc/130092/0031160.pdf

- Local Government in Scotland Act 2003 -
  http://www.opsi.gov.uk/legislation/scotland/acts2003/20030001.htm

- Local Government in Scotland Act 2003 – Statutory Guidance on Public Performance Reporting
  http://www.scotland.gov.uk/Resource/Doc/35596/0028839.pdf

- Elected Member Leadership in Best Value – Advisory Note - Scottish Government -
  http://www.scotland.gov.uk/Resource/Doc/35596/0028835.pdf

- Review of Remuneration Arrangements for Local Authority Councillors - Scottish Local Authorities
  Remuneration Committee - http://www.scotland.gov.uk/Resource/Doc/90455/0021760.pdf

- Renewing Local Democracy – Report of the Widening Access to Council Membership Progress Group
  http://www.scotland.gov.uk/Resource/Doc/36496/0024802.pdf

- Improvement Service Website - http://www.improvementservice.org.uk

- Corporate Governance in Local Government – A Keystone for Community Governance –
  CIPFA/SOLACE, available from CIPFA

- Improvement and Development Agency (IDEA) website -
  http://www.idea.gov.uk/idk/core/page.do?pageId=1

Community planning

- Audit Scotland community planning report – Community planning: an initial review - http://www.audit-scotland.gov.uk/publications/pubs2006.htm#commplan

- The Local Government in Scotland Act 2003 - Statutory guidance on community planning - Scottish
  Government - http://www.scotland.gov.uk/Resource/Doc/47237/0028845.pdf

- Community Planning website – http://www.improvementservice.org.uk/commplan

- Audit Commission report "Governing partnerships: bridging the accountability gap" – http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=1CDA0FEF-E610-463c-B3F3-220F607B1A2C&fromREPORTSANDDATA=NATIONAL-REPORT

- Improvement Service website has links to a large number of documents aimed to improving partnership effectiveness – http://www.improvementservice.org.uk/

- Communities Scotland website for information on the Community Regeneration Fund – http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/webpages/cs_008070.hcsp#TopOfPage and National Standards for Community Engagement – http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/webpages/cs_010771.hcsp#TopOfPage

- Community Health Partnerships – http://www.show.scot.nhs.uk/sehd/chp

- Regional Transport Partnerships – http://www.scotland.gov.uk/Topics/Transport/regional-partnerships

- Community Justice Authorities http://www.scotland.gov.uk/Topics/Justice/criminal/19556/commjusticeauth

- Joint Future Unit – http://www.scotland.gov.uk/about/HD/CCD2/00017673/Home.aspx

- Community care: A Joint Future - Joint Future Group – http://www.scotland.gov.uk/library3/social/rjfg-00.asp

- For Scotland's children: Better integrated services for children - Scottish Government – http://www.scotland.gov.uk/library3/education/fcsr-00.asp

- Community Safety website – http://www.saferscotland.org.uk

Performance management

- The Local Government in Scotland Act 2003 - Statutory guidance on Best Value – Scottish Government www.scotland.gov.uk/Resource/Doc/47237/0028846.pdf

- Scottish Budget Spending Review 2007. Concordat between the Scottish Government and local government.   http://www.scotland.gov.uk/Publications/2007/11/13092240/concordat

- Value For Money in Public Sector Corporate Services – Public Audit Forum 2007 http://www.public-audit-forum.gov.uk/performanceindicators.pdf

- Choosing the right Fabric - A framework for Performance Information - Audit Commission, Cabinet Office, National Statistics, NAO, HM Treasury www.hm-treasury.gov.uk/media/EDE/5E/229.pdf

- The Improvement Service has a useful sight for performance management resources in a Scottish context. There are a number of useful documents on its website http://www.improvementservice.org.uk http://www.improvementservice.org.uk/index.php?option=com_docman&task=cat_view&gid=19&Itemid=43

- The Improvement and Development Agency has a useful website with a number of resources on performance management http://www.idea-knowledge.gov.uk/idk/core/page.do?pageId=76209

- Review of performance improvement models and tools - IDEA 2006 www.idea-knowledge.gov.uk/idk/aio/1551334;

- A managers Guide to Performance Management - IDEA and Audit Commission www.idea-knowledge.gov.uk/idk/aio/4810918

- A councillor's Guide to Performance Management - IDEA and Audit Commission, www.idea-knowledge.gov.uk/idk/aio/4810912

Financial planning

- The Local Government in Scotland Act 2003 - Asset Management under Best Value Advisory Note – Scottish Government - http://www.scotland.gov.uk/Resource/Doc/35596/0028836.pdf

- SEPA - National Waste Strategy - http://www.sepa.org.uk/pdf/publications/nws/nationalwastestrategy.pdf

- Single Status Agreement between Scottish Local Government Employers and the Trade Unions – Unison - http://www.unison-scotland.org.uk/localgovt/sstatus.doc

- COSLA submission to the Spending Review 2004 - COSLA - http://www.cosla.gov.uk/attachments/publications/spendingreview2004.pdf

- Scottish Local Government Financial Statistics 2004-05 - Scottish Government National Statistics Publication - http://www.scotland.gov.uk/Resource/Doc/88852/0021191.pdf

- Overview of the local authority audits 2006 - Audit Scotland - http://www.audit-scotland.gov.uk/docs/local/2006/nr_070215_local_authority_overview.pdf

- Building a Better Scotland – Spending Proposals 2005/08: Enterprise, Opportunity, Fairness - Scottish Government –http://www.scotland.gov.uk/Resource/Doc/25725/0027982.pdf

- Building a Better Scotland – Efficient Government: Securing Efficiency, Effectiveness and Productivity - Scottish Government – http://www.scotland.gov.uk/Resource/Doc/26800/0025698.pdf

- Capital Planning and Option Appraisal – A Best Practice Guide for Councils CIPFA Directors of Finance Group

Workforce management

- Scottish Parliament - Finance Committee Report on the financial implications of the Single Status Agreement -http://www.scottish.parliament.uk/business/committees/finance/reports-06/fir06-04-01.htm#Report

- Single Status Agreement between Scottish Local Government Employers and the Trade Unions – Unison - http://www.unison-scotland.org.uk/localgovt/sstatus.doc

- Scottish Government - Public Sector Employment in Scotland: Statistics for 1st Quarter 2006

- http://www.scotland.gov.uk/Resource/Doc/933/0031774.pdf

- Scottish Local Government Financial Statistics 2004-05 - Scottish Government National Statistics Publication - http://www.scotland.gov.uk/Resource/Doc/88852/0021191.pdf

- A Shared Approach to Building a Better Scotland – A consultation paper on a national strategy for shared services – Scottish Government - http://www.scotland.gov.uk/Resource/Doc/115423/0028606.pdf

- Guidance by the Best Value Task Force on S1(1): The Duty to Make Arrangements to Secure Best Value, Scottish Government - http://www.scotland.gov.uk/Publications/2004/04/19166/35252

Procuring and managing assets

- The Local Government in Scotland Act 2003 - Asset Management under Best Value Advisory Note – Scottish Government - http://www.scotland.gov.uk/Resource/Doc/35596/0028836.pdf

- Towards Better Management of Public Sector Assets – A Report to the Chancellor of the Exchequer - Sir Michael Lyons - http://www.hm-treasury.gov.uk/media/8ED/DB/pbr04_lyonspsas_complete_205.pdf

- Asset Management – Beacon Theme Guide 2005/06 - Improvement and Development Agency (IDEA) - http://www.idea-knowledge.gov.uk/idk/aio/828997

- Overview of the local authority audits 2005 - Audit Scotland -   http://www.audit-scotland.gov.uk/publications/pdf/2005/05pf14ac.pdf

- Hot Property – Getting the Best from Local Authority Assets - Audit Commission - http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=910C1FD0-F8D4-486C-8EBD-0C680929E154

- RICS & ODPM Guidance on Asset Management 2005 - http://www.local.odpm.gov.uk/finance/capital/data/ricguid.pdf

- Review of Public Procurement in Scotland Report & Recommendations - John McClelland - http://www.scotland.gov.uk/Resource/Doc/96269/0023302.pdf

- Scottish Government Scottish Procurement Directorate - http://www.scotland.gov.uk/Topics/Government/Procurement

- Scottish Government electronic Procurement Scotland -www.eprocurementscotland.com

Glossary

Accounts Commission	The Commission secures the audits of local authorities and joint boards in Scotland. It reports and makes recommendations to Scottish Ministers and to audited bodies. It may also hold hearings and apply sanctions to councillors and officers, where appropriate.
Aggregate external finance (AEF)	AEF is the amount of local authority income provided by central government. It consists of revenue support grant, specific grant and non-domestic rates.
Arms length organisations	An organisation set up to manage or improve the delivery of public services.
Asset register	A data base of assets with information about the assets such as condition, age, depreciation charge.
Best value	To provide services in the most economic and efficient way and to promote continuous improvement in performance.
Cash releasing savings	Where a saving is realised because the organisation or function delivers the same service using less money.
Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is the leading accountancy body for the public services.
Community health partnerships (CHPs)	CHPs aim to work with local authorities, the voluntary sector and other stakeholders such as the public, patients and carers to ensure that local population health improvement is placed at the heart of service planning and delivery.
Community justice authorities (CJA)	Eight CJAs have been established in Scotland in 2006. The role of the CJAs is to plan, co-ordinate, monitor and report on the delivery of offending services by local partners and what impact these services have on reducing re-offending and making communities safer. The authorities try to improve working between key partners such as council criminal justice social work services, the police and the Scottish Prison Service.
Community planning partnerships (CPP)	CPPs are partnerships led by local authorities. They bring key public, private, community and voluntary organisations together with the aim of delivering a better, more joined up public service for

	the local area.
Community regeneration fund (CRF)	The Scottish Executive established the CRF in December 2004. The aim of the CRF is to promote community regeneration of the most deprived neighbourhoods, through improvements in employability, education, health, access to local services and quality of the local environment.
Controller of Audit	The officer appointed by the Accounts Commission under section 97 (4) of the Local Government (Scotland) Act 1973. The Controller of Audit has statutory reporting functions.
COSLA	COSLA, the Convention of Scottish Local Authorities, is the representative voice of Scottish local government and also acts as the employers' association on behalf of all Scottish councils.
CSR07	The UK government's comprehensive spending review in 2007.
EC landfill directive	European requirements on landfill to ensure high standards for disposal of waste and to encourage waste minimisation.
Efficient government plan	The government's efficient government plan was published in November 2004 and outlined the government's strategy for improving the efficiency of the Scottish public sector. It contained measures to deliver at least £745 million of annually recurring cash releasing efficiency gains and at least £300 million of recurring time releasing savings by 2007/08. It also contained an ambition to raise these figures to achieve £1.5 million of efficiency gains by 2007/8.
Equal pay act 1970	The Act makes it unlawful for employers to discriminate between men and women in terms of their pay and conditions where they are doing the same or similar work.
Governance	The framework of accountability to users, stakeholders, and the wider community in which organisations take decisions, and lead and control their functions, to achieve their objectives.
Joint futures	Joint planning, assessment and provision of services by different agencies to provide integrated care services for individuals.

McClelland report	A review of public sector procurement in Scotland was carried out by John McClelland at the request of the then Minister for Public Service and Reform. The review was carried out within a distinctive agenda of efficient government. It reports on the status of procurement practices and makes recommendations for improvement.
Multi-member wards	Electoral wards containing typically three or four elected councillors.
National waste strategy (NWS)	The NWS Scotland was formulated to improve the way waste is dealt with in Scotland and to protect the environment.
Opportunity cost	The opportunity cost of a decision is based on what must be given up (the next best alternative) as a result of the decision. Any decision involving a choice between two or more options has an opportunity cost.
Options appraisal	Identifying objectives and then obtaining and analysing information to establish the optimum method of achieving these objectives.
Outcome agreements	These documents set out what service improvements are going to be made and the anticipated measurable impacts of these improvements.
Private finance initiative (PFI)	The UK Government's initiative to encourage the development of private finance in the public sector.
Proportional representation	An electoral system which attempts to ensure that the outcome of the election reflects the proportion of support gained by each competing party.
Public private partnership (PPP)	A generic term for projects involving both the public and private sectors. The involvement can be to varying degrees and the partnership can take different forms. PFI is one example of PPP.
Ring fenced funding	Funding provided for a specific purpose or project.
Shared services	The convergence and streamlining of functions to ensure that they are delivered as effectively and efficiently as possible.
SOLACE	The Society of Local Authority Chief Executives and Senior Managers.
SSR 07	The 2007 strategic spending review for Scotland.

Statutory performance indicators (SPIs)	The Accounts Commission has a statutory responsibility to specify information councils must publish about their performance, in the form of statutory performance indicators. The information is collected and published locally by each council. The Commission publishes information about the comparative performance of councils across Scotland.
Time releasing savings	Efficiencies which do not release cash but allow frontline savings to deliver more or better services with the same money.

Priorities and Risks Framework

2007/08 National Audit Planning Tool for Local Government

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AUDIT SCOTLAND

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