

The Local Government in Scotland Act 2003

DUTY TO SECURE BEST VALUE GUIDANCE

Introduction

1. This guidance is relevant to all Scottish councils, the SPTA, fire and police authorities, and fire and police boards; as well as to bodies audited under s106(1) of the Local Government (Scotland) Act 1973 (i.e. committees, joint committees and joint boards the members of which are appointed by local authorities, and to charities etc the trustees of which are local authorities or their members.
2. At this time, it is being sent in draft on behalf of the Best Value Task Force for the purpose of consultation. In due course, it will be amended in the light of responses received and re-issued on a statutory basis.

Statutory Authority

3. Statutory Guidance on the Duty to Secure Best Value will be issued as follows:

Ministerial Guidance issued under s2(1)(a) of the Local Government in Scotland Act 2003, setting out the major characteristics which describe a Best Value organisation;

More detailed guidance issued or recognised under s2(1)(b) of the Act, elaborating on those characteristics and identifying key areas which represent the goals generally recognised by the Best Value Task Force as consistent with Best Value.

4. In addition, the Best Value Task Force is advising Ministers on statutory guidance and regulations on public performance reporting issued under s13 of the Act. Regulations will describe information relating to finance and performance, which must be put into the public domain each year in such away that it is accessible to all stakeholders.
5. The Best Value Task Force has considered whether to issue advisory notes on key aspects of the new regime, to assist local authority managers. To-date, the only advisory note prepared in such a way relates to the configuration and administration of trading operations. The BVTF would welcome comments on whether other areas of activity should be covered.

Approach

6. This guidance is intended to be recognised under s2(1)(b) of the Act. It links closely with the Ministerial guidance issued in draft in November 2002, which has been revised according to the outcome of consultation and will be issued formally on 1st April 2003 [see Appendix 1]. Both describe, in brief compass, the landscape of Best Value. These key characteristics – commitment, responsiveness, leadership etc – form the framework of both.
7. The two pieces of guidance should be read together. Along with professional Codes of Practice published by professional bodies such as CIPFA and SoLACE,

they will form some of the key aspects upon which the work of Audit Scotland (and other scrutiny bodies where appropriate) will be based.

8. When giving consideration to this guidance, authorities are asked to bear in mind the following points:
 - a) This guidance identifies the characteristics of an authority which wants to secure Best Value. It does not specify process. This guidance is directed to authorities and bodies to inform in the management of their approach to Best Value. It is NOT guidance to auditors, or guidance on the audit process, these will be developed separately by the Accounts Commission.
 - b) Each local authority is free to determine the route by which it intends to arrive at the identified goals. This guidance therefore continues the philosophy of creating a Best Value regime which is descriptive rather than prescriptive, and which allows each local authority to take its own, unique circumstances into account.
 - c) To that extent, the guidance should be regarded as strategic rather than operational and implemented accordingly.

Cross-cutting Themes

9. There are a number of cross-cutting themes to the guidance. These are joint working, equal opportunities and sustainable development. They should inform and influence every aspect of Best Value work – from planning to delivery and review. A local authority which fully embraces these concepts will manifest them in its political management structure, its corporate planning and derived service plans, its consultation with some stakeholders, its communications with staff and others, its codes of governance, its allocation of resources, and its review practices.
10. Given this integrated nature of Best Value, it is important that this guidance be taken as a whole, and not broken down into free-standing sections. It has been written with this very much in mind. It is hoped that local authorities will readily discern a consistency of message in this and other guidance on Community Planning and the Power to Advance Well Being. The development of the guidance also reflects the consensus established across the local government community over the past five years. Copies of the draft Community Planning guidance and Power to Advance Well Being guidance are available on the Scottish Executive consultation website. <http://www.scotland.gov.uk/views/views.asp>

Non-statutory Advice

11. The body of advice on various aspects of Best Value practices has developed steadily over the last 5 years. It is expected that authorities will continue to refer to this as and when they think it appropriate. Such guidance may be issued by organisations representative of local government, academic institutions or professional associations. Where issued by the Scottish Executive it is not issued under any specific provision within the Act. For avoidance of doubt, such guidance is non-statutory in nature, unless it qualifies as a generally recognised

published code. Rather, it represents a resource, including examples of good practice, for the assistance of authorities.

Consultation

Comments on the draft guidance are sought in writing by 20th June 2003. Please forward these by e-mail to lgisactguidance@scotland.gsi.gov.uk or to

Donald Coutts
Local Government Constitution & Governance Division
Area 3-H
The Scottish Executive
Victoria Quay
EH6 6QQ

If you have any queries please contact 0131 244 7043

12. Whilst not wishing to limit the responses which Authorities and others may wish to make, it would be helpful to the Best Value Task Force to receive feedback on the following two questions.

Q1 Do consultees find this draft guidance to be a useful document in providing clarity on what is expected of them under the Duty of Best Value

Q2 Just as Best Value has comprehensive application across all of the activities of an authority, does the draft guidance clearly explain the application of the cross-cutting themes of joint working (which embraces Community Planning), equalities and sustainable development?

Local Government in Scotland

[Act 2003]

Guidance on s1(1):

**THE DUTY TO MAKE ARRANGEMENTS TO SECURE
BEST VALUE**

BEST VALUE TASK FORCE

*Issued in pursuance of s2(1)(b) of
the Local Government in Scotland Act 2003*

***DUTY TO SECURE BEST VALUE:
status of guidance issued by the Best Value Task Force***

The Best Value Task Force has approved the attached guidance on the performance of the duty on local authorities of Best Value. It is expected that this guidance will be recognised by authorities and those responsible for local authority audit, inspection and regulation as being consistent with s2(1)(b) of [the Local Government in Scotland Act 2003] which refers to:

“what are, whether by reference to any generally recognised, published code or otherwise, regarded as proper arrangements for the purposes of s1(1) of [the Act] (or purposes which include those purposes).

In the event of any conflict between this guidance and the statutory guidance published by Ministers under s2(1)(a) of the Act (see Appendix 1), the Ministerial guidance takes precedence.

This guidance is consistent with and of equal status to other material which outlines proper arrangements for the purposes of s1(1) of the Act, where such material is published by professional associations and is recognised as authoritative by the Accounts Commission for Scotland and/or other bodies with statutory responsibility for the scrutiny of Scottish local government.

Otherwise, in the event of any conflict between this guidance and any other published material on Best Value, this guidance takes precedence.

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Appendix 1 – guidance approved by the Scottish Ministers in pursuance of S2(1)(a)

INTRODUCTION: THE BEST VALUE REGIME

The statutory framework for Best Value provided by [the Local Government in Scotland Act 2003] will put in place formal links between:

- Statutory guidance to authorities on what arrangements should support Best Value, and how best to maintain an appropriate balance between the factors to which local authorities must have regard in securing that duty;
- the powers and audit duties of the Accounts Commission for Scotland;
- arrangements for scrutiny bodies to make public comment on the adequacy of local authority arrangements for securing Best Value and related statutory duties; and
- On an exceptional basis, arrangements for intervention by the Scottish Ministers on the grounds of unsatisfactory performance.

This guidance supports and expands upon the statutory guidance issued by the Scottish Ministers under s2(1)(a) of the Act, in giving more detail about the characteristics local authorities are expected to demonstrate in fulfilment of the statutory duties which make up the Best Value 'regime' provided by the [the Local Government in Scotland Act 2003]. These statutory duties are set out in full in Annex A of Appendix 1, but in brief they are:

- the duty of Best Value, being to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.
- the duty to achieve break-even in trading accounts subject to mandatory disclosure
- the duty to observe proper accounting practices
- the duty to make arrangements for the reporting to the public of the outcome of the performance of functions

Authorities are reminded that they are required to discharge the functions described in Part One of [the Act], including observance of the duty of Best Value, in a manner which encourages equal opportunities and the observance of the equal opportunity requirements. The relevant statutory duty is also set out in full in Annex A of Appendix 1.

The Act also provides a statutory basis for Community Planning and the Power to Advance Well Being. The Community Planning process at all stages - planning, delivery or reporting - should be informed and supported by the Best Value framework. In turn, Community Planning should feed into a local authority's pursuit

of Best Value by providing a way to articulate and respond to the needs of communities. (*hyperlink to guidance*)

In the same way the Power to Advance Well Being should be informed, supported by and subject to the Best Value framework. The PAWB is a function of a local authority (as are all other powers and duties) and as such it should be used in ways which are compatible with the statutory duty of Best Value and other legal obligations. (*hyperlink to guidance*)

CHARACTERISTICS OF BEST VALUE ARRANGEMENTS: CHAPTER ONE

A local authority which secures Best Value will be able to demonstrate:

- **COMMITMENT AND LEADERSHIP**

a commitment to delivering better public services year on year through Best Value, and acceptance of the key principles of accountability, ownership, continuous improvement and transparency

elected members and senior managers have developed a vision of how Best Value will contribute to the corporate goals of the authority which informs the direction of services and is communicated effectively to staff

a commitment to high standards of probity & propriety, to honour the trust given by the electorate

This means:

1. That members ensure that their decision-making processes are open and transparent and that members are involved in setting the strategic direction for Best Value and in monitoring the results.
2. That members ensure council business is managed in a manner which supports accountability and where the reasoning which underpins decisions is clearly explained.
3. That, when appropriate, key discussions and decision-making are held in public meetings and reasonable measures are taken to make their agendas, reports and minutes accessible to the public.
4. That senior managers ensure that there is an explicit and systematic approach to integrating Best Value into everyday working practices and involving staff in developing the authority's approach to Best Value at all levels.
5. That members and senior managers ensure accountability and transparency through effective internal and external performance reporting.
6. That members have discussed, agreed and taken ownership of a vision (i.e. set of expectations) of where they see the local authority's services in 3-5 years time and how the key elements of Best Value will contribute to those objectives. These key elements include:
 - a) The need to secure continuous improvement
 - b) The need to provide customer and citizen focused public services
 - c) The need to achieve the best balance of cost and quality in delivering services
 - d) The need to have regard to economy, efficiency, effectiveness and the equal opportunity requirements

- e) The need to contribute to the achievement of sustainable development.
7. That overall strategic priorities are informed by a good understanding of the needs of the authority's communities and the setting of priorities and assessment of performance against relevant targets is undertaken with transparency.
 8. That members and senior managers ensure their approach to Best Value is reflected clearly in all mission statements, strategies, and plans at a corporate and service level.
 9. That these clearly integrate priorities set out in the community plan, and show clearly how the authority is working with major partner organisations to provide services that meet stakeholder and community needs.
 10. That objectives and targets in such statements, strategies and plans are realistic and achievable, are matched to financial and other resources and are explicitly translated into clear responsibilities for implementation.
 11. That senior managers communicate the members' approach to Best Value methodically throughout the authority in terms that are relevant to and set out clear expectations to staff.
 12. That members comply with *The Code of Conduct for Councillors*, as approved by the Scottish Parliament, and associated guidance issued by the Standards Commission for Scotland.
 13. That employees comply with a local code of conduct, based on generally recognised standards.
 14. That appropriate policies on fraud prevention, investigation and 'whistleblowing' are established.
 15. That effective procedures are in place to help ensure that members and employees comply with relevant codes of conduct and policies.
 16. That appropriate arrangements are in place to ensure that the authority complies with the requirements of the Freedom of Information (Scotland) Act 2002 and generally recognised guidance.

A local authority which secures Best Value will be able to demonstrate:

- **RESPONSIVENESS AND CONSULTATION**

responsiveness to the needs of its communities, citizens, customers, employees and other stakeholders, so that plans, priorities, and actions are informed by an understanding of those needs

an ongoing dialogue with other public sector partners and the local business, voluntary and community sectors

consultation arrangements which are open, fair and inclusive

1. That members and senior managers recognise the diversity of the communities they serve and the diversity of the need for services.
2. That the authority is committed to working with partner organisations to ensure a joined up approach to meeting the needs of its stakeholders and communities. This includes:
 - (a) agreeing respective roles and commitments
 - (b) integrated management of resources where appropriate
 - (c) effective monitoring of collective performance
 - (d) joint problem solving
3. That the authority has developed and implemented a methodical approach to identifying who to consult and how to undertake the consultation most effectively, linked this into its regular planning cycle and uses the results of this work in planning, designing and improving services.
4. That there is a systematic approach for co-ordinating consultation exercises and sharing information (as appropriate) within the local authority and with other bodies.
5. That consultation exercises have clear objectives in terms of what the authority is seeking to find out, and result in clear recommendations for action (including maintaining the status quo where appropriate.)
6. That members and senior managers acknowledge the value of constructive engagement with a wide range of stakeholders such as: the business community; the voluntary and independent sectors; major suppliers; locally active interest groups; and other less visible stakeholders. All of these should have genuine opportunities to make their voice heard.

7. That stakeholders feel that the authority listens to, and takes account of, their views and are provided with information about the actions taken through transparency in the decision-making process and performance reporting.
8. That the authority reviews systematically the effectiveness of its approach to consultation to ensure Best Value.

A local authority which secures Best Value will be able to demonstrate:

- **SOUND GOVERNANCE AND MANAGEMENT OF RESOURCES**

sound governance at a strategic, financial and operational level includes:

A. a framework for planning and budgeting that includes detailed and realistic plans linked to available resources, to achieve the authority's goals (including community planning commitments) at service delivery level

This means:

1. That the authority has developed a shared vision (i.e. forward planning within corporate and community planning with its partners to respond to the needs of its community, which is translated into specific actions to be carried out at both corporate and service levels.
2. That these actions are integrated with other operational activities to produce clear, cohesive plans across the whole authority that are agreed by elected members.
3. That the authority's financial, human and operational resources are matched to its priorities through the integration of its service and budget planning processes.
4. That indicators that allow performance to be assessed are formulated as part of the planning process and senior management regularly receive information that allows them to inform members of progress made.
5. That action is taken in the next planning round to learn from success and address areas of under-performance.
6. That other key processes are linked to or integrated with the planning cycle, including strategic analyses, stakeholder consultations, fundamental reviews, performance management, staff appraisal and development schemes, and public performance reporting.

B. effective performance management systems, which include the use of external comparison, through which performance issues can be identified, monitored and addressed

This means:

1. That performance is systematically measured across all areas of activity.

2. That the authority knows the key processes that determine the delivery of a customer centred, cost-effective service.
3. That performance information is accurate, up to date, includes relevant trends, comparisons, standards and targets, and is rigorously monitored on a regular basis.
4. That the authority's performance management system is effective in addressing areas of under-performance, identifying the scope for improvement, agreeing remedial action and monitoring implementation.
5. That comparative analyses are systematically used in order to identify the authority's performance potential and to learn from others as appropriate, including local authorities, other public sector agencies, commercial organisations, and not-for-profit organisations.
6. That performance is reported on systematically to management, elected members, users and the public. The information provided in each case is relevant to its audience and clearly shows whether strategic and operational objectives and targets are being met. The reports are honest and balanced, and include information about what improvements are required during the forthcoming period.

C. the best use is made of public resources, including employees, ICT, land and property and financial resources – keeping a considered and appropriate balance between cost, quality and price

This means:

1. That there is a systematic approach to risk management in relation to the authority's resources.
2. That elected members and senior managers regularly review the management of resources across all services.
3. That an effective system for financial stewardship is maintained, in that:
 - a) The authority's annual accounts are free from material misstatement and have been prepared in accordance with recognised accounting standards;
 - b) There is a sound system of financial controls that minimises the risk of fraud and error;
 - c) The authority complies with specific statutory financial requirements;
 - d) High standards of effective management are maintained in relation to budgeting, monitoring and reporting;
 - e) The full financial consequences of decisions are assessed at an appropriate level, before major financial decisions are taken or commitments entered into;

- f) Feedback on major financial decisions is systematically provided to ensure that planned and anticipated benefits were realised;
 - g) Training and support is provided to ensure that the appropriate staff have the necessary skills and information for managing budgets.
 - h) The authority has a sound financial position.
4. That the authority matches its asset base (including infrastructure, land, property, vehicles, plant, equipment, materials, information and communications technology), to its objectives in terms of suitability.
 5. That the authority ensures that assets are managed efficiently and effectively, and takes account of factors such as availability, accessibility, utilisation, cost, condition and depreciation.
 6. That the authority has a procurement strategy that whilst complying with relevant national and international obligations, ensures that it treats procurement as a key component in achieving its objectives as well as finding the most cost-effective method for securing the quality of assets/services it needs.
 7. That employees are treated as a key strategic resource and the authority ensures that it has the organisational capacity to implement its plans and make full use of its staff. Staffing requirements are explicitly related to strategic and operational objectives in terms of numbers, skills, knowledge, deployment, structure, etc.
 8. That the authority ensures that all employees are managed effectively and efficiently, that they know what is expected of them, their performance is regularly assessed, and they are assisted in improving.
 9. That management monitors the morale and motivation of staff and takes action to address problems. Staff feel that they are valued and that their skills and knowledge are used effectively and to the full.
 10. That the authority has a systematic approach for identifying and managing risks in relation to workforce matters. This may cover such issues as health and safety, business continuity, and public safety.

A local authority which secures Best Value will be able to demonstrate:

- **USE OF REVIEW AND OPTIONS APPRAISAL**

that its approach to review is rigorous and robust with no areas of work protected from consideration for review

review activity achieves quantifiable benefits for key stakeholders accepting that change may be necessary

services are expected to remain competitive and to provide consistently good service quality. In considering opportunities for improvement a fair and open approach will be taken in evaluating alternative forms of service delivery from whatever the sector

This means, with regard to review activity:

1. That it is conducted on a regular basis and becomes integrated into the authority's management arrangements.
2. That it looks ahead to understand how stakeholder needs and expectations may change in the future due to demography; the natural, social or cultural environment; and the local economy.
3. That it is focused on achieving real improvement for communities. Services supporting front-line service delivery should also be viewed as making a contribution to the well being of communities.
4. That it recognises the value of working with communities and voluntary sector organisations to achieve service goals.
5. That it is undertaken on a systematic basis and reflects priorities, areas where performance may be poor, of importance to stakeholders or may be of significant concern to the authority.
6. That all proposals, which may have a material impact upon business, charities or the voluntary sector, should be accompanied by an appraisal. This appraisal is to assist the authority to assess the impact the proposal and its implementation may have, in particular the likely impact upon local business, employment and the economy.
7. That it is conducted within a consistent corporate approach which ensures that review teams have the necessary skills, knowledge and aptitudes, and that they themselves are challenged on their conclusions.

8. That it covers significant topics where current policies and approaches are challenged explicitly and are justified if retained.
9. That it maintains high levels of service quality and secures improvement on a continuing basis. Future demands are clearly addressed.
10. That it ensures that service can be delivered / developed in a manner which contributes to the achievement of sustainable development.
11. That it takes proper account of equality issues.
12. That it is able to demonstrate that the views of stakeholders have been taken into account in analysis and developing recommendations.
13. That it produces clear recommendations which are based on analysis and evidence of considerations such as cost, quality and social impact.
14. That it develops actions which are clearly described, in sufficient detail to be readily understood and are clearly explained in terms of importance, relevance and priority.
15. That it provides specific statements about what improvements are actually intended to achieve.
16. That it involves elected members at key stages and ensures that members approve the overall process and policies.
17. That it is monitored by senior management in terms of progress in implementing recommendations / actions on a regular and systematic basis.
18. That it is validated on a systematic basis to ensure consistency, efficiency, continuing relevance and delivery of improvements.

A local authority which secures Best Value will be able to demonstrate

- **COMPETITIVENESS, TRADING AND THE DISCHARGE OF AUTHORITY FUNCTIONS**

it is conscious of being publicly funded in everything it does; it has regard to obligations under the state aid rules; and it is aware of the need to conduct its business in a manner which demonstrates appropriate competitive practice

account is taken of the potential economic impact of the authority's activities (particularly new activities) on the local business community and others

the power to advance well being is not used to raise money, beyond imposing reasonable charges for the work undertaken

where the authority's activities count as entering into an agreement to supply goods and services, the Local Authorities (Goods and Services) Act 1970 is observed

the requirement to keep trading accounts under proper accounting practice is observed where appropriate to the authorities' activities, in order to provide a transparent audit trail

This means:

1. That service plans and business plans explicitly justify the nature and scale of work for which trading operations are required.
2. That the authority is responsive to the interests of stakeholders such as the business community, the voluntary and independent sectors and suppliers, who feel that the authority listens to their views.
3. That the results and implications of such analysis are fed back to managers engaged in planning to ensure that they take such factors into account.
4. That where proper accounting practice and good management require it, trading accounts are prepared and disclosed.
5. That the transparent and fair allocation of all shared costs is ensured.

A local authority which secures Best Value will be able to demonstrate

- **SUSTAINABLE DEVELOPMENT**

contribution to the achievement of sustainable development - consideration of the social, economic and environmental impacts of activities and decisions

[These considerations are also important to Community Planning [hyperlink to guidance](#)]

This means:

1. That there is a commitment at both elected member and senior officer level to contribute to the achievement of sustainable development and to promote an integrated approach to improving economic, social and environmental well-being.
2. That contributing to the achievement of sustainable development is reflected in the authority's objectives and highlighted in all strategies and plans at corporate and services level.
3. That these plans, priorities and actions are informed by the views of its communities and key local partners.
4. That quality of life indicators are identified to measure their performance in contributing to the achievement of sustainable development and reported to the public.
5. That review activities take account of sustainability issues and assess the impact of policy proposals on sustainable development.
6. That sustainable development requirements are taken into account in the procurement strategy.
7. That there is a systematic approach to the management of resources which contributes to the achievement of sustainable development

A local authority which secures Best Value will be able to demonstrate

- **EQUAL OPPORTUNITIES ARRANGEMENTS**

a culture which encourages both equal opportunities and the observance of the equal opportunities requirements

measures are in place to meet the UK-wide equal opportunities requirements e.g.

- *Equal Pay Act 1970*
- *Sex Discrimination Act 1975*
- *Race Relations Act 1976 as amended by the Race Relations (Amendment) Act 2000*
- *Disability Discrimination Act 1995*

and all relevant subordinate legislation made under these Acts

adoption of the meaning of “equal opportunities” as is set out in Schedule 5 to the Scotland Act 1998, namely, “the prevention, elimination or regulation of discrimination between persons on the grounds of sex or marital status, on racial grounds or on grounds of disability, age, sexual orientation, language or social origin or of other personal attributes, including beliefs or opinions, such as religious beliefs or political beliefs”.

This means

1. That the encouragement of equal opportunities and meeting the equal opportunities requirements are reflected in the authority’s objectives and highlighted in all plans at corporate and service level.
2. That there is recognition that all groups in the community do not have the same resources, situations and needs, and that this is reflected in planning, designing and improving services.
3. That there is a commitment at both elected member and officer level to mainstream equalities within the Best Value framework:
 - when undertaking reviews they take account of equalities issues and assess the impact of policy proposals on equal opportunities.
 - equalities requirements are taken into account in the procurement strategy.
 - equalities performance measures are identified to measure their performance in the delivery of equal opportunities and reported to the public

- employment policies are fully in line with their commitment to equal opportunities and training is in place to support that commitment.
4. That there is a programme of equal pay audits, comparability studies and equal pay reviews of the workforce, to ensure that pay and reward systems meet the legislative requirements and that any existing areas of discriminatory practice are being addressed.
 5. That authorities take such other action that is necessary to meet their obligations under existing equal opportunities legislation.

A local authority which secures Best Value will be able to demonstrate

- **ACCOUNTABILITY**

the use of public performance reporting so that stakeholders are told what quality of service is being delivered and what they can expect in the future

This means:

1. That the authority has identified what information stakeholders need in order to form a view on the performance of the authority. It recognises that different sections of the community will have different needs in terms of getting information and responds accordingly. It presents this information in a form that people find useful, accessible and that allows stakeholders to form a clear view of the authority's overall performance.
2. That in terms of its **approach** to Public Performance Reporting, the authority:
 - a) Has clearly identified what information will be provided at a service activity level and which at a corporate level;
 - b) Derives the information utilized in Public Performance Reporting from its performance management and information systems;
 - c) Considers a range of media and conveys this information in one or a number of ways that make it easy for stakeholders to find out what they want to know;
 - d) Includes clear guidance as to where and how stakeholders can access more detailed information on specific topics;
 - e) Presents the information in a clear, easy-to-understand and concise form taking account of equalities and accessibility issues;
 - f) Has an accessible feedback system which encourages stakeholders to comment on the information and mechanisms of Public Performance Reporting, and ensures this feedback is reviewed regularly to inform improvement activities.
3. That the **content** of the authority's Public Performance Reporting is easy to understand and concise and includes:
 - a) Information on what services the authority provides, what people can expect of them, and how people can get access to them.
 - b) Information on what the authority has learned from consultation about what matters to its stakeholders and what it is doing to respond to these concerns.
 - c) Information that shows how the authority is working with other bodies to best meet the needs of its communities through Community Planning. (*hyperlink to guidance*)

- d) Information that allows the public to see that the authority is spending its money wisely and achieving value for money on behalf of its communities. It shows clearly that the authority is eliminating waste, focusing on priorities, achieving value for money, and doing things that work.
 - e) Information that provides a rounded, honest and balanced picture of how the authority is performing.
 - f) Trend information, comparative information, and performance against targets or benchmarks to help stakeholders assess how performance is changing.
 - g) Information on what the authority is doing to improve its performance and impact, what targets it has for improvement, and what improvements have been achieved since it last reported.
4. That the authority has regard to guidance produced under s13 in relation to reporting financial and performance information matters.

GUIDANCE APPROVED BY THE SCOTTISH MINISTERS IN PURSUANCE OF S2(1)(a) OF [THE LOCAL GOVERNMENT IN SCOTLAND ACT 2003]: PERFORMANCE OF A LOCAL AUTHORITY OF THE DUTY OF BEST VALUE (CONTINUOUS IMPROVEMENT IN THE PERFORMANCE OF ITS FUNCTIONS)

Introduction: the Best Value regime

The statutory framework for Best Value provided by [the Local Government in Scotland Act 2003] will put in place formal links between:

- statutory guidance to authorities on what arrangements should support Best Value, and how best to maintain an appropriate balance between the factors to which local authorities must have regard in securing that duty;
- the powers and audit duties of the Accounts Commission for Scotland;
- arrangements for scrutiny bodies to make public comment on the adequacy of local authority arrangements for securing Best Value and related statutory duties; and
- on an exceptional basis, arrangements for intervention by the Scottish Ministers on the grounds of unsatisfactory performance.

This guidance tells local authorities what they are expected to demonstrate in fulfilment of the statutory duties which make up the Best Value ‘regime’ provided by [the Local Government in Scotland Act 2003]. These statutory duties are set out in full at Annex A, but in brief they are:

- the duty of Best Value, being to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development;
- the duty to achieve break-even in trading accounts subject to mandatory disclosure;
- the duty to observe proper accounting practices;
- the duty to make arrangements for the reporting to the public of the outcome of the performance of functions.

Authorities are reminded that they are required to discharge the functions described in Part One of [the Act], including observance of the duty of Best Value, in a manner which encourages equal opportunities and the observance of the equal opportunity requirements. The relevant statutory duty is also set out in full in Annex A.

The Act also provides a statutory basis for Community Planning and the Power to Advance Well Being. The Community Planning process at all stages - planning, delivery or reporting - should be informed and supported by the Best Value framework. In turn, Community Planning should feed into a local authority's pursuit of Best Value by providing a way to articulate and respond to the needs of communities (*hyperlink to guidance*).

In the same way, the Power to Advance Well Being should be informed, supported by and subject to the Best Value framework. The PAWB is a function of a local authority (as are all other powers and duties) and as such it should be used in ways which are compatible with the statutory duty of Best Value and other legal obligations. (*hyperlink to guidance*).

Required Best Value arrangements

An authority which secures Best Value will be able to demonstrate:

Commitment and Leadership

- a commitment to delivering better public services year on year through Best Value, and acceptance of the key principles of accountability, ownership, continuous improvement and transparency;
- elected members and senior managers have developed a vision of how Best Value will contribute to the corporate goals of the authority which informs the direction of services and is communicated effectively to staff;
- a commitment to high standards of probity & propriety, to honour the trust given by the electorate;

Responsiveness and Consultation

- responsiveness to the needs of its communities, citizens, customers, employees and other stakeholders, so that plans, priorities and actions are informed by an understanding of those needs;
- an ongoing dialogue with other public sector partners and the local business, voluntary and community sectors;
- consultation arrangements which are open, fair and inclusive;

Sound Governance and Management of Resources

- sound governance at a strategic, financial and operational level which includes:
 - a. a framework for planning and budgeting that includes detailed and realistic plans linked to available resources, to achieve the authority's goals (including community planning commitments) at service delivery level;

- b. effective performance management systems, which include the use of external comparison, through which performance issues can be identified, monitored and addressed;
- c. the best use is made of public resources, including employees, ICT, land and property and financial resources – keeping a considered and appropriate balance between cost, quality and price;

Use of Review and Option Appraisal

- that its approach to review is rigorous and robust with no areas of work protected from consideration for review;
- review activity achieves quantifiable benefits for key stakeholders accepting that change may be necessary;
- services are expected to remain competitive and to provide consistently good service quality; in considering opportunities for improvement a fair and open approach will be taken in evaluating alternative forms of service delivery from whatever the sector;

Competitiveness, Trading and the Discharge of Authority Functions

- it is conscious of being publicly funded in everything it does; it has regard to obligations under the state aid rules; and it is aware of the need to conduct its business in a manner which demonstrates appropriate competitive practice;
- account is taken of the potential economic impact of the authority's activities (particularly new activities) on the local business community and others;
- the power to advance well being is not used to raise money, beyond imposing reasonable charges for the work undertaken;
- where the authority's activities count as entering into an agreement to supply goods and services, the Local Authorities (Goods and Services) Act 1970 is observed;
- the requirement to keep trading accounts under proper accounting practice is observed where appropriate to the authority's activities, in order to provide a transparent audit trail;

Sustainable Development

- contribution to the achievement of sustainable development - consideration of the social, economic and environmental impacts of activities and decisions;

Equal Opportunities Arrangements

- a culture which encourages both equal opportunities and the observance of the equal opportunities requirements;
- measures are in place to meet the UK-wide equal opportunities requirements e.g.

Equal Pay Act 1970

Sex Discrimination Act 1975

Race Relations Act 1976 as amended by the Race Relations (Amendment) Act 2000

Disability Discrimination Act 1995

And all relevant subordinate legislation made under these Acts;

- adoption of the meaning of “equal opportunities” as is set out in Schedule 5 to the Scotland Act 1998, namely, “the prevention, elimination or regulation of discrimination between persons on the grounds of sex or marital status, on racial grounds or on grounds of disability, age, sexual orientation, language or social origin or of other personal attributes, including beliefs or opinions, such as religious beliefs or political beliefs”;

Accountability

- the use of public performance reporting so that stakeholders are told what quality of service is being delivered and what they can expect in the future;

**[THE LOCAL GOVERNMENT IN SCOTLAND ACT 2003]: EXTRACTS
DIRECTLY RELEVANT TO BEST VALUE IN LOCAL GOVERNMENT****Section 1: Local authorities' duty to secure best value**

- (1) It is the duty of a local authority to make arrangements which secure best value.
- (2) Best value is continuous improvement in the performance of the authority's functions.
- (3) In securing best value, the local authority shall maintain an appropriate balance among—
 - (a) the quality of its performance of its functions;
 - (b) the cost to the authority of that performance; and
 - (c) the cost to persons of any service provided by it for them on a wholly or partly rechargeable basis.
- (4) In maintaining that balance, the local authority shall have regard to—
 - (a) efficiency;
 - (b) effectiveness;
 - (c) economy; and
 - (d) the need to meet the equal opportunity requirements.
- (5) The local authority shall discharge its duties under this section in a way which contributes to the achievement of sustainable development.
- (6) In measuring the improvement of the performance of a local authority's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.
- (7) In this section, "equal opportunity requirements" has the same meaning as in Section L2 of Part II of Schedule 5 to the Scotland Act 1998 (c.46).

Section 13: Publication by local authorities of information about finance and performance

- (1) It is the duty of a local authority to make arrangements for the reporting to the public of the outcome of the performance of its functions.
- (2) Subject to subsections (3) and (6) below, it is for the local authority to determine the form, content and frequency of and time limits for reports made under subsection (1) above, to whom they are to be given and by what means they are to be published or made available to members of the public.
- (3) The Scottish Ministers may, by regulations, make provision governing any of the matters set out in subsection (2) above.
- (4) Such regulations shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the Scottish Parliament.

- (5) Before making such regulations, the Scottish Ministers shall consult such associations of local authorities and such other persons as they think fit.
- (6) Such regulations may include provision—
- (a) for a summary of the local authority’s assets and their value, its sources of income, the amounts derived from those sources, and its expenditures to be included in that which is to be reported under subsection (1) above;
 - (b) for the local authority’s trading accounts or a summary thereof to be included in that which is to be reported under subsection (1) above;
 - (c) for a summary of the authority’s expenditure under such works contracts as may be specified in the regulations to be included in that which is to be reported under subsection (1) above;
 - (d) for the publication of the information which is to be provided under section 1 (power of Accounts Commission to direct publication of information about standards of performance) of the Local Government Act 1992 (c.19), to be included in that which is to be reported under subsection (1) above; and
 - (e) for—
 - (i) a statement setting out the arrangements the local authority had in place under section 1 above during the financial year immediately preceding that in which the statement is made and describing what it did under those arrangements and to what effect;
 - (ii) a statement specifying by what means and when the local authority proposes to carry out its duties under this section during the remainder of the year in which the statement is made; and
 - (iii) a statement specifying any unimplemented recommendations about the performance of the authority’s functions made to the authority by any person discharging a power or duty under an enactment to make the recommendation,to be included in that which is to be reported under subsection (1) above.
- (7) The Scottish Ministers may issue guidance to local authorities on how those authorities might carry out their functions under this section.
- (8) Before doing so, the Scottish Ministers shall consult such associations of local authorities and such other persons as they think fit.
- (9) In section 1(1) (power of Accounts Commission to direct publication of information about standards of performance) of the Local Government Act 1992 (c.19) after “each” there is inserted “at such times as it thinks fit”.

Section 59: Equal opportunities

- (1) The Scottish Ministers, local authorities, the authorities, bodies, office holders and other persons mentioned in section 16(1) of this Act and any other person discharging a function under this Act shall discharge those functions in a manner which encourages equal opportunities and, in particular, the observance of the equal opportunity requirements.

- (2) The duty imposed by subsection (1) above on a local authority is, in relation to its functions under section 1 above, additional to that set out in subsection (1) of that section.
- (3) In subsection (1) above, “equal opportunities” and “equal opportunity requirements” have the same meanings as in Section L2 of Part II of Schedule 5 to the Scotland Act 1998 (c.46).