

The Accounts Commission for Scotland's annual statement on sustainable economic growth for 2010/11

The Public Services Reform (Scotland) Act 2010, section 32(1)(a) requires listed public bodies to publish a statement on sustainable economic growth as soon as possible after the end of the financial year.

The following statement sets out the steps that the Accounts Commission has taken in 2010/11 to promote and increase sustainable growth through the exercise of its functions. Further information on this and our local government audit work is contained in our annual report 2010/11 which is on our website at www.audit-scotland.gov.uk/about/ac/docs.php

Introduction

The Accounts Commission is the public's independent watchdog which, through the audit process, requires local government bodies in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission holds local authorities to account and helps them to improve by: securing the external audits, including the audit of Best Value and Community Planning; following up issues of concern identified through the audits to ensure satisfactory resolutions; carrying out or promoting national performance audits to improve economy, efficiency and effectiveness in local government; and issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Accounts Commission operates independently of local authorities and of the Scottish Government, and meets and reports in public.

Sustainable economic growth

The Accounts Commission contributes to sustainable economic growth in Scotland by holding local authorities to account and helping them to improve. This is achieved by undertaking performance, Best Value and financial audits to provide assurance that money and resources are being used properly, efficiently and effectively and to highlight areas for improvement.

In 2010/11 we audited Scotland's councils and other local authorities, including police, and fire and rescue authorities who spend in aggregate about £20 billion a year. We conducted 76 financial audits and completed and reported on eight Best Value and six performance audits. Five of the performance audits were joint reports with the Auditor General.

Our annual financial audit reports cover the full range of audit work done in the year, providing the audited bodies and stakeholders with a comprehensive and independent view of financial management, governance and performance in public bodies. Auditors review the financial position and sustainability of public bodies and promote good financial management and planning.

We carry out performance audits to help public bodies improve the quality of their services, do more with their money, and find lower-cost ways of working to the same or better standards. Our audit reports carry recommendations for public bodies to help them improve, and we publish good practice checklists and case studies. These also identify potential savings.

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

- In our report, *Physical recreation services in local government* we say that while regular physical exercise is important for improving people's health, the outlook for public spending will make it difficult for councils to invest in facilities and sustain services over the longer-term. Councils directly and through a variety of arms-length and external organisations spend around £656 million a year in recreational services. But while capital spending increased by 54% over the past three years, around a quarter of council facilities remain in poor condition and with finances tight it will be difficult to maintain recent levels of investment.
- Our joint report with the Auditor General on *Maintaining Scotland's roads* called for a national summit on how to deal with the £2.25 billion maintenance backlog. The pattern of spending and scale of backlog means that the value of these public assets is not being sustained.
- Our joint report with the Auditor General, *Getting it right for children in residential care* found more than £250 million is spent a year on these services but councils cannot demonstrate that they are achieving value for money. Although professional practice and work is often good, not all children get the best-quality care and support. Many go on to have major problems later in life. The report contains 21 recommendations for the Scottish Government, councils, COSLA and NHS boards, on planning and management, and a self-assessment checklist. Around £150,000 is spent per child a year. The audit recommends that councils have to be sure they achieve an appropriate quality of service for the costs. It also highlights the need for stronger leadership and direction from the government.
- Our report, *Improving energy efficiency: a follow-up*, says that in the two years since we last reported on energy efficiency, action has been taken at both national and local levels. The Scottish Government has published an action plan to improve energy efficiency, and 85 per cent of public bodies now have energy efficiency strategies.

All of our audit reports can be found on the Audit Scotland website at www.audit-scotland.gov.uk.

The Accounts Commission also contributes to sustainable economic growth by engaging firms of accountants to undertake audits and in sustaining the market for the supply of these services.