



Best Value 2 – Proposals for Consultation **Response by the Sustainable Scotland Network**

1. Introduction and Background

1.i The Sustainable Scotland Network

The Sustainable Scotland Network (SSN) exists to support local authorities working together for a sustainable Scotland. SSN's members are the sustainable development officers and advocates from Scotland's 32 local authorities. The network provides Scottish local authorities with an effective support and improvement service on sustainable development. SSN is supported by the Scottish Government.

SSN's programme priorities are Best Value and Sustainable Development, Procurement for Sustainability, the Local Footprints Project (a partnership project with WWF Scotland) and Climate Change. SSN's takes a 'one-programme approach' to these themes, ensuring that each reinforces the other and all contribute to the improved sustainability performance of Scottish local authorities.

The work of SSN is guided by an active Steering Group, with members drawn from nine Scottish local authorities. The SSN is a programme of Keep Scotland Beautiful and the SSN staff team is based in the Keep Scotland Beautiful offices in Stirling. Keep Scotland Beautiful is an operating name of Environmental Campaigns (Scotland), a registered Scottish Charity (Scottish Charity Number SC030332).

1.ii SSN's Work on Best Value

SSN has been active on the issue of Best Value since 2003, following the bringing into statute of the Local Government in Scotland Act 2003. Having sustainable development as one of three cross-cutting priorities was seen by SSN members as a significant development, providing as it did a statutory responsibility on local authorities to "discharge its duties ... in a way that contributed to the achievement of sustainable development" (section 1[5] of the Act).

SSN worked with a range of strategic partners to develop local authority understanding and support on this new duty. Most significantly, we worked directly with local authority officers – from both Best Value and sustainable development disciplines – to identify what support they needed. This work, involving detailed working groups and a series of national workshops, culminated in the production of the 'Best Value and Sustainable Development Toolkit for Local Authorities' published in 2005 and significantly re-designed in 2006. This toolkit is available online at www.sustainable-scotland.net/bestvalue. The toolkit was supported by the Scottish Government, COSLA, WWF Scotland and the Sustainable Development Commission in Scotland.

2. SSN Response to the Best Value 2 Consultation

SSN and our network members see the audit of Best Value (and Community Planning) as critically important. Scrutiny of, and accountability for, sustainable development is vital if local authorities and their Community Planning Partners are to be encouraged and challenged to enhance their contribution to the achievement of sustainable development.

SSN notes that some significant progress has been made through the initial round of Best Value audits, and these have proved important in highlighting the significance of sustainable development with many local authorities. However, like Audit Scotland, and as reflected in the Audit Scotland 'Priorities and Risks Framework' report (published in November 2008), SSN believes that Best Value 1 did not achieve its potential with regards to sustainable development. We therefore very much welcome the current review of Best Value auditing and the opportunity to contribute to the Best Value 2 consultation.

Audit Scotland has recently met with SSN staff, as well as staff from the Sustainable Development Commission, to discuss the Best Value 2 approach and the sustainable development framework. SSN looks forward to continuing this collaboration and we hope that this consultation response is a valuable contribution to "developing a consistent and coherent approach to addressing sustainability within BV2"¹.

2.i Key Principles of BV2

While we need to learn much more about how the key principles proposed for BV2 will be interpreted and put into practice, there are a number of proposals in the consultation paper – especially the 'key improvement areas' listed in Exhibit 2 – that SSN views as positive developments. Notably, we would be keen to see transparent and robust audit tools, clearer judgments of local authority performance, increased peer involvement, improved use of resource reporting, action to identify and share good practice, and more citizen-friendly reporting.

SSN, as a network which aims to support local authorities working together for a sustainable Scotland, would welcome the opportunity to work with Audit Scotland and others (notably the Sustainable Development Commission) to progress work on the BV2 principles as they relate to sustainable development, and we could potentially provide a 'performance improvement', peer-involvement and knowledge-sharing support role to the BV2 process. Indeed, we would welcome further discussion with Audit Scotland and SDC on how these aspects of BV2 could be progressed in ways that ensure that sustainable development is integrated throughout BV2 and in ways that are complementary to wider support to local government on sustainable development. Notably, paragraph 38 outlines a number of functions on which SSN already has a good track record. Collaborative working has the potential to enhance and extend this work, especially with senior officers and elected members.

2.ii Sustainable Development and Sustainability

We have some concern about the deviation from the term 'sustainable development' within the BV2 paper, and the use of 'sustainability' as a replacement. At the very least, this would appear to add a level of unnecessary confusion when all the relevant legislation and guidance uses sustainable development.

We welcome Audit Scotland's outline of sustainable development (or sustainability) as a cross-cutting theme running throughout Best Value, from vision and strategic direction to resource use and performance assessment (as illustrated in Exhibit 7). We would encourage Audit Scotland

¹ Paragraph 91, page 23 of 'Best Value 2 – Proposals for Consultation', Audit Commission, March 2009

to pursue this approach throughout the document and throughout the BV2 regime, in order to integrate consideration of sustainable development throughout local government performance and responsibilities. Sustainable development or sustainability cannot be addressed as an add-on or as an isolated agenda. Rather, sustainable development must be thoroughly integrated into all aspects of local government, including economic, social and resource use agendas. One of the critical influences that BV2 audits could have is to assess how effectively sustainable development has been integrated into and across a local authority and its Community Planning Partners.

Some SSN members have raised concerns about a general lack of information in the document on how it is intended to measure a local authority's progress towards sustainable development. Given that sustainability is one of the three key cross-cutting Best Value themes, to devote only four sentences to it in the consultation document is considered to be inadequate and there is no explanation as to how the "more integrated approach" mentioned in paragraph 90 is to be achieved. Hopefully this can be progressed following the consultation, including during the initial 'pathfinder' phase of implementation.

We believe that sustainability should be dealt with as a cross-cutting theme throughout the entire consultation document and we think there is a need for the sustainability dimension to be emphasised as a key improvement area (in Exhibit 2). The appearance of sustainability in the Audit Framework at Exhibit 7 is welcomed. However, in places, it appears that the consultation document proposes to elevate the joint working cross-cutting duty in the 2003 Act to a primary responsibility, while the other cross-cutting themes of sustainability and equalities are seen as secondary. This is of real concern as each of the three themes should be equally inherent in everything that a local authority does.

This imbalance can be seen in Appendix 1, which has "partnership working and community leadership" as one of the characteristics of a Best Value council, but which mentions equalities only once and sustainability / sustainable development not at all. We would like to see a stronger emphasis on the importance of sustainable development; but at the very least there should be a sentence comparable with that which deals with equalities in the 'proposed characteristics of a best value authority; "All managers are aware of their responsibilities under equality legislation."

2.iii Sustainable Development Requires More Than an 'Environment' Focus

Paragraph 90 appears to be contradictory. Focusing on environmental sustainability as the way to audit a Council's contribution to sustainable development does not allow for an integrated approach (i.e. the well-informed understanding, integration and management of social, economic and environmental well-being) and contradicts the Brundtland definition (paragraph 89, page 4) and the long tradition of sustainable development understanding, policy and practice. A narrow and disconnected focus on the environment would clash with the more holistic approaches being pursued by most local authorities.

However, if the focus is to be on environmental sustainability (paragraph 90, page 4) then the proposed Sustainability Audit Framework should reflect this. At present the framework only addresses climate change and waste (particularly under the section 'Partnership Working and Community'). The Scottish Government national outcome 12 recognises a wider set of environmental sustainability issues including: air quality, water quality, contaminated land, biodiversity, landscapes and forestry. We would suggest that these are also incorporated.

SSN would suggest that the main challenge for BV2 is not to narrow the focus to 'environmental sustainability' but to explicitly adopt and promote an appreciation of the linkages and dependencies of economic and social consideration with 'environmental' factors. For example, our ability to tackle waste and climate change relates directly to the scale and nature of economic development and the social conditions within which people live. Likewise, local quality of life and business development is inherently affected by local environmental quality and also environmental impacts on communities and businesses. A high-quality BV2 regime would reflect this more joined up understanding of sustainable development, and which is reflected in many national and local government policies. Please note that we are not talking about economic, social and environmental trade-offs, but an aspiration for joined-up, well-informed, integrated ways of working.

SSN does however recognise that a tactical focus on environmental sustainability could be advantageous in giving environmental concerns parity with social and economic considerations. Indeed, many of the challenges facing local authorities relate to giving more importance to environmental sustainability. In this respect, a focus on environmental sustainability within the BV2 audit regime could be tactically important. However, this must be contextualized within a broader sustainable development framework which adheres to the principle of triple-bottom line accounting and the integration of social, economic and environmental concerns. For example, National outcomes 10 and 14 make it clear that environmental sustainability has significant relevance to, and implications for, social and economic agendas. The critical issue is to assess how well environmental sustainability has been taken into account across local government functions, from vision and strategic direction through to the use of resources.

2.iv The Sustainability Audit Framework

One concern we have with the Sustainability Audit Framework is its move away from the Chapter 7 guidance issued by Ministers under statute. While on the surface the new framework is not a huge shift away from the Chapter 7 Guidance, we have concerns that this new framework may be perceived as 'change for change's sake'. If the new framework is going to be used it will be important to create a sense of continuity from BV1 and to manage the transition well, helping people understand the linkages to what is in the Chapter 7 Guidance. We would therefore recommend that Audit Scotland illustrates clearly how the aspects of the Chapter 7 Guidance are or will be addressed within the new framework.

Commenting directly on the Sustainability Audit Framework, we would highlight the following key points:

- Under 'Vision and Strategic direction', some SSN members think that the box on climate change is not well situated here. Also, it may be that a Council does not deem it necessary to implement an actual strategy for climate change, opting to integrate it into existing strategies and plans. We would suggest it is re-worded to something like '*Extent to which the organisation has demonstrated vision and strategic direction in addressing climate change mitigation and adaptation*'.
- Under 'Use of Resources', the use of the term 'ecological footprint' may not suit all local authorities. While SSN would strongly support the use of ecological and carbon footprinting, specifically to address the environmental impacts of consumption, we would suggest that this could be re-worded in the framework simply to reflect National Outcome 14. This could read something like the '*Extent to which the organisation is reducing the local and global environmental impact of its consumption and production*'.

Local authorities would then be able to demonstrate this through the use of ecological or carbon footprint methodologies, if they chose this as their approach to contributing to National Outcome 14. Use of ecological and carbon footprinting would provide robust evidence to demonstrate commitment and action.

More broadly, many SSN members felt that the principle of the sustainability audit framework is welcomed in that it has the potential to bring improved clarity to how sustainability should be audited. However, at present there is no explanation as to how the framework has been devised, why emphasis has been given to the audit components included, and how these are seen to relate to existing commitments and duties incumbent upon local authorities. The framework appears to deviate from the statutory guidance provided on Section 7 of the act (e.g. - there is nothing on the need for "quality of life" indicators) and it is unclear how it fits into the National Performance Framework. In addition to non-statutory commitments such as Scotland's Climate Change Declaration, we would suggest that the framework needs to somehow make reference to the increasing number of statutory duties related to sustainability. These include the duties in the Planning etc (Scotland) Act 2006, Building (Scotland) Act 2003, Strategic Environmental Assessment, the UK Climate Change Act 2008 and the forthcoming Scottish Climate Change Act. While success in meeting these duties could potentially be audited through some of the more general components of the framework, it is suggested that the auditing of duties and commitments should be made more explicit, especially in how the general principles are put into practice, what evidence is gathered and how performance is reported.

2.v Gathering and Verifying Evidence

One of the main challenges that must be addressed in BV2 is that of giving substance to the broad principles in the overall BV2 framework and the sustainability framework itself. This relates closely to an understanding of what both absolute and relative good practice looks like, and an understanding of wider sustainable development agendas relating to local government.

We would recommend that the sustainability framework should be supported by a clear reference list of relevant data sets, methodologies, tools, project and commitments. For instance, it is vital that when auditing climate change, reference is made to Scotland's Climate Change Declaration, related work on consistent indicators and methodologies, and understanding of what good processes look like, and an understanding of how outcomes can be quantified and assessed. Likewise, on procurement, there are a range of sustainable procurement methodologies, frameworks and approaches that are respected as useful and these should be used to inform auditing and evidence gathering.

To support this approach, SSN would suggest that Audit Scotland invest substantially in sustainable development training of auditors. Sustainable development can be a complex agenda and many of the key sustainability issues are evolving quickly – especially work on climate change mitigation and adaptation – and auditor (like all professionals) need adequate and well-informed training to support an effective approach. SSN would be interested in collaborating with Audit Scotland, the Sustainable Development Commission and others to provide training and capacity-building support to help inform the Best Value 2 approach.

2.vi Assessing Outcomes

Ultimately, the focus of BV2 auditing will need to assess the impact of local authority initiatives (strategies, policies, actions, project etc) on sustainable development outcomes. This would suggest that BV2 audits needs to interrogate and assess the impact of local authority activities ('inputs') on quantifiable outcomes. This will require councils to be better at self-evaluating

inputs, outputs and outcomes, and to offer evidence to auditors. However, we will also need Audit Scotland's approach to BV2 auditing to have depth as well as breadth, and this would appear to be in-step with the 'risk based' and 'proportionate' approach that is proposed in the consultation document. This focus on outcomes is also in-step with the SOA agenda and is related ultimately to what local people are interested in – what is being achieved, are we becoming more sustainable, what is having an influence (positive and negative).

SSN would suggest that our Best Value and Sustainable Development Toolkit remains useful in seeking evidence of policy implementation and outcomes assessment, and also gives a sense of the range of sustainable development 'lines of enquiry' that relate to local authority services and functions. SSN also have experience on quantifying sustainable development issues, especially with regards to climate change issues and ecological/carbon footprinting.

SSN would also urge Audit Scotland to make use of existing local authority reporting commitments to help identify and assess the outcomes of sustainable development activities. Two examples of existing reporting commitments would be the reports produced on Scotland's Climate Change Declaration (see www.sustainable-scotland.net for 'year 1' reports) and forthcoming participation by many councils in the Carbon Reduction Commitment scheme. Likewise, information in local authorities' own Carbon Management Plans (relating to the Carbon Trust Local Authority Carbon Management Programme) and the use of methodologies such as Local Climate Impacts Profiles and the sustainable procurement Flexible Framework, would help add substance to audit enquiries. SSN would welcome the opportunity to continue working with Audit Scotland and the Sustainable Development Commission to inform this aspect of the BV2 audit approach, and we believe that this could be linked effectively to sustainable development training.

3. Summary of Recommendations

In summary, SSN would make the following recommendations:

Terminology & Adherence to Sustainable Development

Sustainable development should be the principle term used in BV2 and this should be understood to relate to the integration of social, environmental and economic concerns. While the audit framework, and specific lines of audit enquiry, may benefit from a narrower focus on environmental sustainability issues, BV2 should not diverge from the well established agenda of sustainable development in its broader sense, and it should make reference to the growing number of statutory obligations and voluntary commitments that relate to local government.

Clarity on Integration

Audit Scotland and the Audit Commission need to make it clearer that sustainable development will be an integrated priority throughout Best Value 2 and an integrated characteristic of a best value local authority.

Clarifying and Gathering Robust Evidence

SSN believes that we need more clarity on how the sustainable development principles and aspects on BV2 are to be evidenced and audited. This partly relates to the challenge of developing a robust assessment of how activities relate to outcomes, and also clarity as to how best to quantify and assess progress. SSN would welcome the opportunity to continue working with Audit Scotland to develop this aspect of the BV2 approach, especially as it relates well to how SSN seeks to support local authorities.

Training and Capacity Building

SSN is supportive of the principles of developing a “consistent and coherent approach to addressing sustainability issues within BV2” and we appreciate the challenges involved in doing this. We believed that Audit Scotland should invest in training and capacity building in order to ensure that auditors are supported well in improving the thoroughness and robustness of sustainability auditing, and so that there is growing clarity and consistency across and within local authorities as to how sustainable development is understood, acted upon, measured and reported. SSN would be supportive of joint working with Audit Scotland, Sustainable Development Commission and others to address this common challenge.

George Tarvit
Development Manager
Sustainable Scotland Network

29th May 2009