

EAST AYRSHIRE COUNCIL

CABINET 22 APRIL 2009

BEST VALUE 2 AND EAST AYRSHIRE COUNCIL, A PATHFINDER COUNCIL

Report by the Chief Executive

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of the progress made by the Accounts Commission and Audit Scotland in their development of an audit framework in relation to the next generation of Best Value and Community Planning audits (Best Value 2).
- 1.2 To inform Cabinet of the decision of Accounts Commission to select East Ayrshire Council as a Pathfinder Council.

2. BACKGROUND

- 2.1 The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning, and Audit Scotland is responsible for auditing these processes based on section 102(1) of the Local Government (Scotland) Act 1973.
- 2.2 The Accounts Commission developed a timetable for audit, and all thirty two councils were subject to scrutiny between 2004 and 2008.
- 2.3 In its guidance at that time, Audit Scotland stated that a successful council will:
 - work with its partners to identify a clear set of priorities that respond to the needs of the community in both the short and the longer term;
 - be organised to deliver those priorities;
 - meet and clearly demonstrate that it is meeting the community's needs; and,
 - operate in a way that drives continuous improvement in all its activities.
- 2.4 East Ayrshire Council was subject to audit in 2006 with a very positive final report, widely accepted as one of the best in Scotland. Comments from Audit Scotland at the time included:

(1) "The council demonstrates a clear commitment to Best Value supported by effective leadership. There is evidence that the council does well in:

- **community planning and joint working**
- **financial stewardship**
- **managing risk**
- **customer focus."**

(2) "East Ayrshire Council has shown a commitment to Best Value and Community Planning through its strategic vision and leadership and there is evidence that it can recognise areas for improvement and take action to address them."

3. BEST VALUE 2

3.1 In 2007, the Accounts Commission started the process of evaluating the effectiveness of the audits, consulting with councils, consumer organisations and the Scottish Government. A draft framework has now been produced, and all councils have been asked to comment on its appropriateness.

3.2 There are several features of the new approach, and these include:

- A focus on outcomes as well as corporate performance management processes.
- An emphasis on the effectiveness of partnership working.
- Improved coverage of service performance and the use of resources.
- A proportionate and risk-based approach, founded on self-assessment.
- Clear audit reporting and transparency of audit process.
- Support for improvement and the sharing of good practice.
- more streamlined scrutiny founded on shared-risk assessments undertaken with the other local government scrutiny bodies

3.3 In tandem with the consultation mentioned in 3.1 above, the Accounts Commission plan to carry out five Best Value and Community Planning audits in 2009, using the new Best Value 2 framework, with 'Pathfinder' councils.

4. EAST AYRSHIRE - A PATHFINDER COUNCIL

4.1 The Accounts Commission has invited the following councils to work alongside Audit Scotland as Pathfinder councils in testing and developing their new framework during 2009:

- Angus Council,
- Dundee City Council,
- East Ayrshire Council,
- The Highland Council,
- Scottish Borders Council.

4.2 These councils provide a mix of geography, size and urban/rural mix. Three of them (Angus, Dundee and Highland) have been selected due to the opportunities they present for integrated or coordinated BV2 audit work alongside the proposed pilot of Best Value audit work with HMICS at Tayside Police and Northern Constabulary during 2009.

4.3 Audit Scotland also stated that the choice of councils was based on a range of risk, based on previous audits and inspections. It is clear that East Ayrshire Council would be assessed as low risk, based on these results.

4.4 Appendix 1 contains a timetable that describes the process for Best Value 2 consultation, the key stages for Pathfinder audits, and details of the joint scrutiny planning arrangements.

4. FINANCIAL IMPLICATIONS

4.1 The Audit of Best Value and Community Planning plays an important role in the drive for continuous improvement and the Council's ability to demonstrate economy, efficiency and effectiveness in the delivery of its services.

5. POLICY, LEGAL, RISK IMPLICATIONS

5.1 There are no policy, legal or new risk implications.

6. COMMUNITY PLANNING IMPLICATIONS

6.1 Community Planning is a key focus of the new arrangements.

7. RECOMMENDATIONS

7.1 Cabinet is asked to:

- (i) note the changes to the audit approach that will be take by the Accounts Commission;
- (ii) welcome the fact that East Ayrshire Council has been chosen as a Pathfinder council, and will be subject to audit in 2009;
- (ii) otherwise note the terms of this report.

Fiona Lees
Chief Executive
7 April 2009

LIST OF BACKGROUND PAPERS

1. Accounts Commission - Best Value 2 - Proposals for Consultation, March 2009.

Any person wishing to inspect the above background papers or seeking further information on this report should contact Jim Farrell, Performance, Development and Projects Manager, (Tel: 01563 576223).

IMPLEMENTATION OFFICER: Alex McPhee, Executive Head of Finance and Asset Management.

Appendix 1

The Proposed Transition Timetable for Best Value 2 and SRA

	BV2 consultation	BV2 pathfinders	Joint scrutiny planning
January 2009			Development of shared risk-assessment principles and framework with HMIE, SWIA, Scottish Housing Regulator and Care Commission
February 2009			First pass of joint risk-assessment to identify high, medium and low risk councils for pathfinder audits (including single corporate assessment and service performance elements)
March 2009	Publication of Commission's first draft BV2 audit proposals for consultation	Announcement of pathfinder audits	
April 2009	Consultation period	BV2 pathfinder audits: council self-evaluations and BV2 scoping and risk assessments	Detailed joint risk assessment and scrutiny planning
May 2009			
June 2009	Analysis of responses		
July 2009	Publication of Commission's BV2 audit approach		
August 2009		BV2 pathfinder audits: audit and inspection activity as required	
September 2009			
October 2009			
November 2009			
December 2009		Evaluation of BV2 pathfinders	Draft national joint scrutiny plan for local government
January 2010		Roll out of BV2 audits	Implementation of national joint scrutiny plan