

EAST AYRSHIRE COUNCIL

GOVERNANCE AND SCRUTINY COMMITTEE – 20 NOVEMBER 2009

AUDIT SCOTLAND – MAKING AN IMPACT: OVERVIEW OF AUDITS OF BEST VALUE AND COMMUNITY PLANNING 2004-09

Report by Executive Head of Finance and Asset Management

1. PURPOSE OF REPORT

- 1.1** To provide the Committee with a summary of the Audit Scotland report, 'Making an Impact: Overview of Audits of Best Value and Community Planning 2004-09.'

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 in accordance with section 102(1) of the Local Government (Scotland) Act 1973.
- 2.2** Between September 2004 and May 2009, Audit Scotland carried out Best Value audits of all 32 Scottish councils. During that time, 32 Best Value Audit reports and 11 formal progress reports were published by the Accounts Commission.
- 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. The report highlighted the Council's clear commitment to Best Value and its focus on meeting the diverse needs of its communities through its strategic vision and effective political and managerial leadership. The Council was also found to have performed well in a number of key areas, including financial stewardship, risk management and customer focus.

2.5 The report also identified areas where the Council needed to make progress, and from these findings, an Improvement Agenda was agreed. The Improvement Agenda consisted of 14 Improvement Plans as follows:

- Effective Use of Resources
- Performance Management
- Public Performance Reporting
- Equal Opportunities
- Political and Management Structures
- Asset Management
- Procurement
- Housing Repairs
- Sustainability
- Challenge and Review
- Scrutiny
- Human Resource Management
- Trading and Competitiveness
- Risk Management

2.7 It was agreed that update reports in respect of progress against the 14 Improvement Plans should be submitted to the Governance & Scrutiny Committee annually. Reports were submitted to this Committee on 28 September 2007 and 26 September 2008, and most of the actions have now been achieved. The small number of outstanding actions are now being taken forward as part of the Improvement Plan arising from the Council's second Council-wide Strategic Self-Assessment of Performance, which was presented to Cabinet on 20 May 2009.

3. THE IMPACT OF BEST VALUE

3.1 In October 2009, the Accounts Commission published 'Making an Impact: Overview of Audits of Best Value and Community Planning 2004-09.' This report summarises the impact of Best Value and presents the main issues that arose from those audit reports.

3.2 In its report, the Accounts Commission considers that Best Value has had a positive impact on local government in Scotland for a number of reasons:

- Councils have responded positively to the introduction of Best Value, improving important areas of activity that had previously been free of detailed scrutiny.
- It provided a more structured and independent assessment of how well councillors and senior managers lead their councils.
- The self-assessment element encouraged councils to take stock of where they were performing well and where they had to improve.
- Important issues were raised, such as the need for better performance management, improved public reporting and greater challenge and scrutiny in councils.
- Councils have used the BV reports on other councils to improve their own organisations.

- The BV audit has, on two occasions, resulted in a decision to hold public hearings into councils where there was significant public interest and concern.

4 KEY MESSAGES FROM THE AUDITS

4.1 In preparing its report, Audit Scotland looked at whether any patterns or trends could be identified across the performance of the 32 councils. Whilst there is a clear and expected variation in performance, both within and across councils, nevertheless, a number of key messages did emerge:

- **Effective political and managerial leadership is central to good performance.** Specific, positive findings on leadership were made in around a third of councils. In another third, the Commission specifically identified the need for clearer political and/or managerial leadership.
- **Councils work well with partners at a local level, but need to show what this is achieving.** More needs to be done to co-ordinate and measure the effectiveness of joint working.
- **Effective performance management is essential to improve services.** All councils had room for improvement, although the better councils had sound frameworks in place, populated with meaningful and manageable performance information.
- **Good councils scrutinise performance, challenging existing ways of doing things and demonstrating value for money.** The Best Value improvement agendas for 21 councils specifically identified the need to improve scrutiny as a priority.
- **Best Value councils manage their people, property and money in a way that improves services and delivers value for money.** Whilst evidence is emerging of more strategic approaches to the management of individual resources such as property and staff, most councils have a distance to go before they have established processes and procedures for aligning their resources with their strategies, plans and targets.
- **Good customer care, listening to and working with local people helps improve services.** Almost half of all BV reports specifically highlighted customer care in their Improvement Agenda and councils need to keep abreast of changing expectations of public services.
- **The impact of equalities activity needs to be demonstrated.** Few councils had a well integrated strategic approach to co-ordinating activity aimed at tackling inequality.
- **Sustainable development activity needs to be more co-ordinated.** Different councils have placed a different emphasis on aspects of sustainability, depending on the local context.

5 THE WAY FORWARD FOR BEST VALUE

5.1 With the first phase of Best Value audits now complete, the Accounts Commission is now in the process of rolling out the second phase, known as Best Value 2.

- 5.2** Best Value 2 provides an opportunity for the Commission to assess progress in councils since their first audit and to compare them with the characteristics of a Best Value council. The refined approach of Best Value 2 is designed to be more proportionate and risk based, which should result in audits that are more specific to the issues in individual councils.
- 5.3** East Ayrshire Council was invited to pilot the new approach as one of five 'Pathfinder' councils in Scotland, as the new framework is tested and developed. Audit Scotland stated that the choice of councils was based on an assessment of risk. East Ayrshire Council was assessed as low risk, based on these results and this assessment was carried out in consultation with other national audit and inspection agencies such as HMIE and SWIA.
- 5.4** Audit fieldwork took place within this Council during September 2009, and a draft report will be submitted to the Chief Executive by the end of 2009. It is anticipated that the report will then be submitted to Cabinet for consideration in early 2010.
- 5.5** In the longer term, the Commission is committed to developing their approach to 'partnership audit', shifting the focus from looking solely at individual councils to taking a wider view of partnership performance and the contribution of each of the partners.

6. POLICY, LEGAL AND COMMUNITY PLANNING IMPLICATIONS

- 6.1** Community Planning is a key focus of the new arrangements. There are no policy or legal implications.

7. FINANCIAL IMPLICATIONS

- 7.1** 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.

8. RECOMMENDATIONS

- 8.1** It is recommended that the Governance & Scrutiny committee:-

- (i) note the findings of the Accounts Commission report;
- (ii) note East Ayrshire Council's involvement in BV2 as a 'Pathfinder' council; and,
- (iii) otherwise note the terms of this report.

Alex McPhee
Executive Head of Finance and Asset Management
6 November 2009

Background Information

1. 'Making an impact – an overview of the audits of Best Value and Community Planning 2004-09,' Accounts Commission, October 2009.
2. 'East Ayrshire Council - The Audit of Best Value and Community Planning,' Accounts Commission, September 2006.
3. 'Best Value 2 - Proposals for Consultation,' Accounts Commission, 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).

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