

EAST AYRSHIRE COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 21 SEPTEMBER 2004

THE AUDIT OF BEST VALUE – EXTERNAL AUDIT FINAL AUDIT REPORT

Report by Head of Corporate Development and Communication

1. PURPOSE OF REPORT

- 1.1** To advise the Corporate Governance Committee of the outcome of the Year 1 Transitional Audit of Best Value conducted by the Council's External Auditor.

2. BACKGROUND

- 2.1** Reports on the development of the Accounts Commission's New Best Value Audit and the arrangements for the Year 1 Audit of Best Value were considered previously at the 28 August 2003 meeting of the Emergency Powers Committee and at the 10 February 2004 meeting of the Corporate Governance Committee.
- 2.2** Committee was advised in the report of 10 February 2004 that this Council had not been selected for the full Best Value Audit for 2003/2004, but that the Council was to undergo a Transitional Audit.

3. OUTCOME FROM THE YEAR 1 TRANSITIONAL AUDIT

- 3.1** The Council's Transitional Best Value Audit was conducted by PriceWaterhouseCoopers, the Council's External Auditor. The Audit was undertaken in accordance with the standard template provided by the Accounts Commission, covering the following key areas:-

- the Council's Performance Management System;
- Elected Members and their scrutiny role;
- Service Performance;
- Public Performance Reporting;
- Community Planning.

- 3.2** The Council's input to the audit was managed at a corporate level through the Corporate Development Section and the External Auditor also undertook specific and targeted field work within departments.

- 3.3** The purpose of the audit exercise was for the Council's External Auditor to determine whether the Council had appropriate transitional arrangements in place to demonstrate that Best Value is being secured. The conclusions from the Audit were positive with the following position statement for the Council being provided by the External Auditor within the Executive Summary of the Audit report:-

- The Council have taken on board the changes required of them under the Local Government in Scotland Act, 2003 and additional Best Value Guidance received from the Scottish Executive. They have undertaken a full review of their current

Best Value arrangements and demonstrated how these arrangements are to be further developed to allow them to meet in full their statutory requirements.

- The Council has a clear framework for driving the Best Value process forward, led by the Council's Corporate Management Team with support from the Corporate Strategy Group and considered and agreed by Elected Members through the Corporate Governance Committee, the Policy and Resources Committee and Service Committees.
- The Council are going to continue with their proven EFQM Performance Assessment Tool, enhancing this through the use of the EFQM Pathway tool. This will assist all service departments in creating an Action Plan to drive forward service performance in accordance with Best Value criteria.
- The Council has recently restructured its service departments as part of an overall review of the organisational structure. This has benefited the best value process by allowing the Council to focus on establishing revised service units and subsequently the reporting requirements and targets for those units going forward.

3.4 The audit report also contained only four recommendations and these are noted in the following table. An additional column has been added to the auditor's table to update Committee on the action proposed now by officers to ensure that the External Auditor's recommendations are implemented in full.

Recommendation	Responsible Officer	Implement by	Proposed Action
Once the pathway tool is fully implemented, the Council will need to undertake a post implementation review of this Best Value mechanism to ensure that it is continuing to meet the Council's needs and expectations	Head of Corporate Development and Communication.	April 2005.	The Council's programme for the implementation of the EFQM Pathway Tool includes a requirement to undertake a review of the implementation of the Pathway Tool at the end of the first year of full implementation in April 2005.
To develop and approve the Terms of Reference for the Performance Monitoring Group as soon as possible, and to update the Scheme of Delegation. This Group should meet on a regular basis.	Head of Corporate Development and Communication.	October 2004.	The proposed Terms of Reference for the Performance Monitoring Group will be considered by the Policy and Resources Committee at its meeting on 30 th September 2004. Thereafter, the Scheme of Delegation will be amended accordingly. Following approval of the Terms of Reference for the Performance Monitoring Group, arrangements will be put in place for the first meeting of this group.

<p>The Council should ensure that each Service Department's Annual Service Plan / Business Plan links the individual targets to the 6 key themes within the Community Plan.</p>	<p>Head of Corporate Development and Communication.</p>	<p>April 2005.</p>	<p>The East Ayrshire Community Plan has already been agreed by the Council as its sovereign planning document. Service Plan priorities currently link to the six key themes of the Community Plan through the action planning process. This link will be further strengthened with the planned 2005 Action Plan updates.</p>
<p>The Council recognise the need to continuously improve and going forward the Council should seek to highlight any weaknesses or acknowledge gaps in service provision within their annual PPR Report.</p>	<p>Head of Corporate Development and Communication.</p>	<p>October 2004.</p>	<p>The Council's third annual Public Performance Report is currently in preparation and the Auditor's recommendation in respect of improvements to this process will be incorporated into the 2004 Public Performance Report which will be distributed to every household in East Ayrshire during November 2004. A report on this matter will be considered at the meeting of the Policy and Resources Committee on 30 September 2004.</p>

3.5 Committee will recall that prior to the introduction of the New Best Value Audit, the Accounts Commission reviewed progress made by councils in securing Best Value through the Performance Management and Planning Audits (PMP). In addition to undertaking the Transitional Audit of Best Value, the Council's External Auditor also carried out a final review of progress on actions agreed through the PMP 2 and PMP 3 Audits.

3.6 The Auditor has noted in the findings from this latest follow-up audit that "considerable progress" had been achieved in implementing agreed actions. Of the 24 actions in progress but not fully implemented at January 2003 over the 6 services covered by these audits, only 1 action is now noted by the Council's External Audit as still in progress. This action relates to benchmarking within the Roads Contracts Service and the Auditor has confirmed that progress should continue to be monitored by the Council's Management.

4. LEGAL AND POLICY IMPLICATIONS

4.1 The Local Government in Scotland Act, 2003 places a statutory duty on councils to make arrangements to secure best value. Compliance with the terms of the Act is determined by the Accounts Commission through its New Best Value Audit. The conclusions from the current Transitional Best Value Audit in respect of East Ayrshire Council indicate that the Council has taken on board the challenges

presented under the new Act and the supporting Best Value guidance received from the Scottish Executive.

5. FINANCIAL IMPLICATIONS

5.1 None arising directly from this report.

6. RECOMMENDATIONS

6.1 The Corporate Governance Committee is asked to:-

- (i) note the positive conclusions in the External Auditor's report in relation to the Transitional Best Value Audit;
- (ii) note in particular the recommendations of the Auditor and the proposed action to ensure that the terms of these recommendations are met in full;
- (iii) note the final position in relation to the Auditor's update on the Performance Management and Planning Audit;
- (iv) agree to receive update reports on these matters as appropriate; and
- (v) otherwise note the terms of this report.

John Clayton
Head of Corporate Development and Communication
6 September 2004

LIST OF BACKGROUND PAPERS

1. External Audit Report on Best Value Arrangements for East Ayrshire Council, Transitional Arrangements Review, June 2004.
2. External Audit Report on Performance Management and Planning Follow-Up Audit 2003/04, July 2004.

Anyone wishing further information should contact John Clayton, Head of Corporate Development & Communication (Telephone 01563 576165)

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