

## **EAST AYRSHIRE COUNCIL**

### **POLICY AND RESOURCES COMMITTEE – 19 FEBRUARY 2004**

#### **LOCAL GOVERNMENT IN SCOTLAND ACT, 2003 – REVIEW OF THE COUNCIL'S BEST VALUE ARRANGEMENTS**

##### **Report by the Depute Chief Executive/Director of Corporate Resources**

## **1. PURPOSE OF REPORT**

- 1.1 To highlight the issues presently influencing the direction and expectations of Best Value in Scotland, to assess the effectiveness of the Council's current arrangements and to put forward proposals for the development of the Council's approach to Best Value.

## **2. BACKGROUND**

- 2.1 Best Value has been developing in Scotland since 1997 principally through guidance and circulars from the Scottish Executive and through the work of the Best Value Task Force. All councils have been required to interpret these requirements and establish mechanisms to ensure that they are delivered locally.
- 2.2 Through the implementation of the Performance Management and Planning Framework, the Accounts Commission for Scotland has been responsible for assessing councils' progress over the last 4 years in delivering Best Value.
- 2.3 The Local Government in Scotland Act, 2003 came into force on 1 April 2003, introducing for the first time in Scotland a statutory duty on Local Authorities to make arrangements to secure Best Value. This new duty is supported by Statutory Guidance and Regulation from the Scottish Executive.
- 2.4 At the same time, the Accounts Commission has been given responsibility for assessing whether councils are fulfilling the requirements of the new legislation and the New Best Value Audit arrangements have now been finalised. This audit will not only look at the delivery of Best Value, but will also examine the extent to which councils have complied with all of the aspects of the Local Government in Scotland Act 2003. As reported previously, whilst this Council is not included in the Year 1 Audit for 2003/04, there is a clear expectation that councils will have embarked on a process of reviewing their existing arrangements against the requirements of the 2003 Act.
- 2.5 Reports on these matters have been considered by the appropriate Council Committees. The need to review the Council's Best Value arrangements in light of the new legislative requirements has also been the subject of discussion both through the Senior Staff Management Team and the Corporate Strategy Group and the proposals contained in this report have been informed and endorsed by all Departments.

### **3. BEST VALUE – THE COUNCIL’S EXPERIENCE**

- 3.1 It is important to highlight that overall, the Council’s approach to Best Value to date has stood up well to external scrutiny. This is evidenced, for example, by the Council’s recent excellent HMIE Inspection, the External Auditor’s 2001/02 Review of the Corporate Approach to Best Value and the consistently positive conclusions resulting from Audit Scotland’s Performance Management and Planning Audits over the last 4 years.
- 3.2 It is clear then that we have made progress and that we are getting many things right. There is, however, a clear expectation resulting from the Local Government in Scotland Act, 2003 and the now finalised Statutory Guidance on the Duty to make arrangements to secure Best Value, that councils should critically review their current progress and ensure that the requirements set out in the Act are being met.
- 3.3 The Scottish Executive has indicated that it is the intention to produce and consult with councils on further detailed Statutory Guidance and Regulations in relation to the various other aspects of the Act. The Executive has recently consulted on the ‘duty to make arrangements for the reporting to the public on the outcome of the performance of its functions’ (Public Performance Reporting). East Ayrshire Council’s response to the consultation was approved by the Policy and Resources Committee. As this and subsequent guidance and regulations are finalised by the Executive, a review of the Council’s arrangements in these areas will be undertaken to ensure that they are ‘fit for purpose’.
- 3.4 The introduction of the Local Government in Scotland Act, 2003 has also signalled a need for a renewed impetus in relation to the Council’s service improvement, review and option appraisal activity. The European Foundation for Quality Management Model (EFQM) and Best Value Service Review provide the framework for service improvement and development within East Ayrshire Council. A review of our present approach in these areas has been carried and a number of recommendations have been formulated. These are set out in paragraphs 3.5 and 3.6 below.

#### **3.5 EFQM**

- (i) The EFQM Excellence Model has been a component part of the Council’s approach to Best Value since its introduction as the Council’s main quality tool in 1997 and is an important element in the process of Best Value Service Review. Our use of the EFQM Model has delivered real benefits within services and it is not proposed that we change our commitment to the continuing implementation of EFQM across all Council services. The opportunity does present itself, however, to streamline processes and maximise the benefits secured through our use of the EFQM Model. Put simply, the very real improvements resulting from the EFQM process can be secured with significantly less resource input.
- (ii) The conclusion from the review of the future use of the EFQM Model within the Council was that the adoption of the Quality Scotland EFQM Excellence Pathway Tool would introduce the functionality required and continue to deliver the benefits associated with the EFQM Model. The Pathway Tool is a web-based software package that allows individual service units to carry out

self assessments and develop their own improvement action plan without external input. The results of two pilot exercises within the Council were very positive and the Corporate Strategy Group agreed to the roll out of EFQM assessments using the Pathway Software across all Council services from January 2004. In summary, the introduction of the EFQM Pathway Tool will lead to the following benefits:-

- a significant reduction in the level of resource input required in the implementation of EFQM within services without diminishing the central focus of securing service improvement;
- a significant reduction in the resource required input at a corporate and particularly at a departmental level in the wider co-ordination of the EFQM programme;
- service directors will be better able to plan for and determine the appropriate level of resources and skills required within their own departments in carrying out self assessments;
- ownership of the self assessment process and, in turn, the outcomes will be placed in the hands of departments and service units themselves; and
- the results from the assessment process and the development of improvement action plans will be better set within the context of wider departmental strategies and priorities and allow for appropriate recognition to be given to the availability and balance of resources.

(iii) Clearly, it is still imperative that the Council can satisfy itself and demonstrate to others that this process of self assessment is rigorous and challenging. The Accounts Commission's New Best Value Audit emphasises the need for councils' self assessment processes to be evidence based, focussed on outcomes rather than processes and for Member involvement in Best Value to be challenging and rigorous. Taken together, the following proposals are considered to provide an appropriate basis for the validation both of the Council's approach to and results from its self assessment process:-

- the Council-wide programme for Best Value Review, incorporating EFQM Assessment, should be agreed by the Corporate Governance Committee;
- an annual Service Improvement Report highlighting the Best Value activity a department has been engaged in over the preceding 12 months, including the outcome of EFQM Assessments and Best Value Service Reviews, performance against Statutory Performance Indicators and progress in implementing Improvement Action Plans should be prepared by all Departments and considered by the appropriate Service Committees prior to 31 October each year; this Service Improvement Report will also highlight the department's intended programme of Best Value activity over the next twelve months;
- an annual corporate review of the progress and results from the EFQM process and Best Value Service Reviews will be incorporated into the Council's Public Performance Reporting arrangements;

- the Accounts Commission's New Best Value Audit itself will challenge the processes and outcomes of the Council's self assessment framework and, therefore, provides an important means of external validation;
- the EFQM Assessment process is already incorporated into the Council's existing Corporate Governance arrangements, which are subject to annual Directorate sign off through a Statement of Assurance and also come within the scope of the Council's Audit of Accounts; and
- EFQM will continue to be an integral part of the Council's approach to Best Value Service Review and will gain validation through the engagement of Members in the review of service performance and improvement; this is explored in greater depth in the consideration of the Council's approach to Best Value Service Review.

### 3.6 SERVICE REVIEW

- (i) The importance of undertaking Best Value Service Reviews is reinforced by the Local Government in Scotland Act, 2003 and by the supporting Statutory Guidance which has a separate chapter on the Use of Review and Option Appraisal.
- (ii) As with EFQM assessments, Service Reviews undertaken within the Council have delivered real improvements. There are, however, a number of issues that need to be addressed, particularly in light of our experience to date and also the requirements of the Act and the Statutory Guidance.
- (iii) Before highlighting these issues, it is worth outlining briefly our existing approach to Best Value Service Review:-
  - service directors determine the appropriate configuration of services into Service Units that are to be reviewed;
  - a Council-wide programme of Best Value Service Reviews is developed and agreed by Committee;
  - departments establish their own Officer Review Teams to plan and conduct their Best Value Reviews; EFQM is an important element of the Council's approach to Best Value Review and the essential requirements of Best Value Review are set out in the Council's Best Value Manual; and
  - a Scrutiny and Best Value Review Group is established by the Policy and Resources Committee to consider the outcome of each Best Value Review, the Member composition of each group is determined by the Policy and Resources Committee and the Group reports and makes recommendations to the Policy and Resources Committee; Service Committees have no decision-making role in the process of Best Value Review although they may receive progress reports and are advised of the outcome of the process once determined by the Policy and Resources Committee.

- (iv) The issues identified through experience in conducting Best Value Service Reviews within the Council are as follows:-
- the number of Service Units could be reduced and thereby ensure that we review services of an appropriate scale and better match our organisational capacity to deliver the Council's programme for Service Review;
  - the requirement within the Scheme of Delegation to establish a Scrutiny and Best Value Review Group for each Service Review can involve a disproportionate level of resources; in addition to Officer time in support and administrative roles, Service Review Groups have involved between 3 to 9 Members for each Best Value Service Review; typically, Review Groups will meet on no less than 3 occasions and clearly, this places a significant burden on Member and Officer time; and
  - the link between Service Committees, their role in determining the priorities and strategic direction for their services and their involvement in the process of Best Value Service Review is perhaps unsatisfactory; it is clearly the case that a Member of a Service Committee will have a wider understanding of the range of services and the important issues for the services falling within their responsibilities than a Member who does not serve on that Committee; Service Committees also have the responsibility to oversee the implementation of the conclusions of Best Value Reviews and as such, it is suggested that Service Committees are in fact best placed to undertake and implement the conclusions from Best Value Reviews of their own services.
- (v) Should the proposal to amend the Scheme of Delegation to allow for Service Reviews to be undertaken through Service Committees, it would be necessary to ensure that the process of Service Review and the outcomes achieved can be validated. The requirements of the Local Government in Scotland Act, 2003, the supporting Statutory Guidance and the Accounts Commission's New Best Value Audit arrangements should inform what we put in place in the Council to provide assurance that our Best Value Review processes and results are appropriate. Proposals to achieve this are set out in paragraph 4 below.

#### **4. THE LOCAL GOVERNMENT IN SCOTLAND ACT, 2003**

- 4.1 As outlined above, the Statutory Guidance supporting the Local Government in Scotland Act, 2003 sets out what the Scottish Executive expects to be in place within councils to demonstrate commitment to and compliance with the requirements of Best Value. In relation to Best Value Service Review, the Statutory Guidance has a separate chapter on the Use of Review and Option Appraisal in which the Executive specifies the areas that Service Review activity should consider.
- 4.2 It is useful to distinguish in the Executive's Guidance between the areas relating to the conduct of a Best Value Service Review at a service level and the more

strategic, corporate management of the Best Value Service Review process within the Council.

4.3 In reviewing our wider approach to Best Value and fundamental Service Review, we are primarily concerned with the strategic corporate management issues rather than the detail of “how to” or “what to” include in Best Value Service Reviews. Clearly, however, beyond agreeing a corporate approach, these matters should be considered further and incorporated into a revised Best Value Manual.

4.4 Looking at the wider issues contained in the Statutory Guidance, the following summarises the issues we need to consider and puts forward proposals for a revised approach to Best Value Service Review within the Council.

<p><b>Scottish Executive Prompt</b> <i>with regard to review activity:-</i></p>	<p><b>Issues to Consider</b></p>	<p><b>Proposals</b></p>
<p>1. That it is conducted on a regular basis and becomes integrated into the authority's management arrangements.</p>	<ul style="list-style-type: none"> <li>• Over what period should we plan to review all Council services?</li> <li>• There is a need to establish an agreed Best Value Review Programme.</li> <li>• Given the place of EFQM Excellence in our Best Value Review approach, the programme for Best Value Review must be co-ordinated with the EFQM Programme.</li> </ul>	<ul style="list-style-type: none"> <li>• It is proposed that the Council develop a 3 year programme for Best Value Service Review covering all Council services.</li> <li>• It is proposed that Directors review the current configuration of Service Units for their departments with a view to reducing their number where appropriate; the Best Value Review Programme will thereafter be considered at a future meeting of the Corporate Governance Committee.</li> <li>• It is proposed that EFQM Assessments be conducted by departments on an annual basis.</li> </ul>
<p>2. That it is undertaken on a systematic basis and concentrates on identified priorities, and areas where performance may be poor, which are of importance to stakeholders, are of significant concern to the authority or otherwise offer clear</p>	<ul style="list-style-type: none"> <li>• These factors should form part of the rationale in establishing the Council's Best Value Review Programme.</li> </ul>	<ul style="list-style-type: none"> <li>• It is proposed that in developing the Council's Best Value Review Programme, Directors undertake an assessment of the priorities for review in relation to their own Service Units and that a further, higher level, review is carried out through the Senior Staff Management Team to agree a Council-wide programme for consideration by Committee.</li> </ul>

<p>opportunities for improvements in services.</p>		
<p>3. That it takes into account the need to achieve improvement in cross cutting agendas such as equalities, joint working and sustainable development.</p>	<ul style="list-style-type: none"> <li>• Cross cutting reviews have been considered previously, but we have concentrated primarily on service based reviews; are there any areas we might consider undertaking wider thematic reviews?</li> </ul>	<ul style="list-style-type: none"> <li>• It is proposed that we establish a Best Value Review Programme based on individual Service Units in the first instance and consider further areas of business that might benefit from cross cutting reviews.</li> </ul>
<p>4. That it is conducted within a consistent corporate approach which ensures that review teams have the necessary skills, knowledge and aptitudes, and that they themselves are challenged on their conclusions.</p>	<ul style="list-style-type: none"> <li>• Is a corporate approach that promotes departmental self-assessment and review under the auspices of Service Committees with further “external” scrutiny and validation appropriate?</li> <li>• The EFQM Implementation Group is looking at issues of training and skills in relation to the EFQM Pathway Tool.</li> <li>• The Best Value Manual will require to be amended and updated.</li> </ul>	<ul style="list-style-type: none"> <li>• It is proposed that the Scheme of Delegation be amended to provide authority to Service Committees to undertake and agree the recommendations resulting from Best Value Service Reviews.</li> <li>• Training needs will be identified and appropriate training provided on an ongoing basis.</li> <li>• Following agreement to a revised process of Best Value Review, the Council’s Best Value Manual will be amended accordingly.</li> </ul>
<p>5. That it involves Elected Members at key stages and ensures that Members approve the overall process and policies.</p>	<ul style="list-style-type: none"> <li>• Will this approach ensure that Members are involved appropriately in the process of Best Value Service Review?</li> </ul>	<ul style="list-style-type: none"> <li>• The proposals resulting from this review of the Council’s Best Value approach will be considered by Members.</li> <li>• The consideration of the processes and outcomes of Best Value Service Reviews by Members through Service Committees will ensure that Elected Members are closely involved in every aspect of the review of their services.</li> </ul>
<p>6. That it is monitored by senior management in terms of progress in implementing recommendations / actions on a regular and systematic basis.</p>	<ul style="list-style-type: none"> <li>• How do we demonstrate that the conclusions from Best Value Service Review are being monitored and progress is being made?</li> </ul>	<ul style="list-style-type: none"> <li>• It is proposed that Directors prepare an annual Service Improvement report for Service Committee consideration by 31 October each year which highlights the Best Value activity their services have been engaged in over the preceding 12 months, and identify their programme of Best Value</li> </ul>

		<p>activity over the next 12 months.</p> <ul style="list-style-type: none"> <li>• Additionally, it is proposed that an annual corporate review of the progress and results from the EFQM process and Best Value Service Reviews be incorporated into the Council's Public Performance Reporting arrangements.</li> </ul>
<p>7. That it is validated on a systematic basis to ensure consistency, efficiency, continuing relevance and delivery of improvements.</p>	<ul style="list-style-type: none"> <li>• If the Council agrees to adopt departmental self-assessment and review within the Service Committee mechanism, do we need to ensure that a means of "external" challenge and validation of the processes and outcomes of Best Value Review is in place?</li> </ul>	<ul style="list-style-type: none"> <li>• It is considered that an additional mechanism for the validation of the Council's approach is required; this should involve Elected Member challenge and it is proposed that a Performance Review Group be established to achieve this.</li> <li>• In relation to EFQM Assessment, it is proposed that consideration be given to seeking validation by Quality Scotland of the implementation of EFQM within the Council, at the appropriate time.</li> </ul>

## 5.0 POLICY IMPLICATIONS

5.1 There is an expectation resulting from the Local Government in Scotland Act, 2003 and the now finalised Statutory Guidance on the Duty to make arrangements to secure Best Value, that councils should critically review their current progress and ensure that the requirements set out in the Act are being met. The proposals put forward in this report have been informed by the Council's experience to date in relation to service development and improvement, in addition to the requirements set out in the Act and the supporting Statutory Guidance.

## 6.0 LEGAL IMPLICATIONS

6.1 The Local Government in Scotland Act, 2003 came into force in April 2003. Among other things, the Act introduced for the first time in Scotland a statutory duty to make arrangements to secure Best Value. Statutory Guidance and Regulations are being issued by Ministers in support of the requirements set out in the Act. Councils are expected to comply with the requirements of the Act and the Accounts Commission for Scotland will audit compliance through its New Audit of Best Value.

6.2 Where appropriate, the Accounts Commission has powers to direct the Controller of Audit to carry out further investigations, hold a hearing and state its resultant findings, which may include recommendations. Clearly, it is essential that we ensure that we respond in a positive and proactive way to the requirements of the

Act and supporting Statutory Guidance and thereby stand up well to external scrutiny.

## **7. FINANCIAL IMPLICATIONS**

**7.1** There are no financial implications resulting directly from this report, although it will be important to keep under review the level of resource required to ensure that the Council continues to be well placed to respond to the new challenges presented by the recent legislation and the impending introduction of the Accounts Commission for Scotland's New Audit of Best Value.

## **8. RECOMMENDATIONS**

**8.1** Committee is asked to:-

- (i) note the requirements of the Local Government in Scotland Act, 2003 and the Scottish Executive's supporting Guidance and Regulations;
- (ii) agree the proposals for revised arrangements for Best Value contained in Paragraph 4.4 of the report;
- (iv) subject to agreeing these proposals, agree to amend the Scheme of Delegation as set out in paragraph 3.6 (v);
- (iv) agree to consult with the relevant trade unions on these proposals prior to full implementation; and
- (iv) otherwise note the content of this report.

Fiona Lees  
Depute Chief Executive/Director of Corporate Resources  
5 February 2004

### **List of Background Papers**

1. Local Government in Scotland Act, 2003 (effective from April 2003).
2. Statutory Guidance on Duty to Make Arrangements to Secure Best Value (Scottish Executive), September 2003.

**Any person wishing to inspect the above background papers or wishing further information should contact John Clayton, Head of Corporate Development and Communication (tel. 01563 576165) or Martin O'Rourke, Principal Officer, Corporate Development and Communication (tel. 01563 576223)**

**IMPLEMENTATION OFFICER:** John Clayton, Head of Corporate Development and Communication (tel. 01563 576165)