

446th meeting of the Accounts Commission for Scotland
Thursday 10 May 2018, 10.15am
in the offices of Audit Scotland, 102 West Port, Edinburgh

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 16 to 19 in private.
4. **Minutes of meeting of 12 April 2018.**
5. **Minutes of meeting of Financial Audit and Assurance Committee of 26 April 2018.**
6. **Minutes of meeting of Performance Audit Committee of 26 April 2018.**
7. **Audit Scotland Board update:** The Commission will consider a verbal report by the Chair and Secretary to the Commission.
8. **Update report by the Secretary to the Accounts Commission:** The Commission will consider a report by the Secretary to the Commission.
9. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit.
10. **Draft Commission annual report:** The Commission will consider a report by the Secretary to the Commission.
11. **Draft Commission strategy update:** The Commission will consider a report by the Secretary to the Commission.
12. **Commission engagement strategy: report and update:** The Commission will consider a report by the Secretary to the Commission.
13. **Best Value Assurance Report schedule 2019:** The Commission will consider a report by the Director of Performance Audit and Best Value.
14. **Audit of Best Value: East Ayrshire Council:** The Commission will consider a report by the Controller of Audit.
15. **Audit of Best Value: Fife Council:** The Commission will consider a report by the Controller of Audit.

The following items are proposed to be considered in private:

16. **Audit of Best Value: East Ayrshire Council:** The Commission will consider the actions that it wishes to take.
17. **Audit of Best Value: Fife Council:** The Commission will consider the actions that it wishes to take.
18. **Draft Audit Quality Annual Report:** The Commission will consider a report by Assistant Director, Appointments and Assurance.
19. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 16 to 19 be considered in private because:

- Items 16 and 17 require the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 18 proposes a draft annual report, which the Commission is to consider before onward consideration by Audit Scotland Board.
- Item 19 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda item 4: Minutes of meeting of 12 April 2018	AC.2018.5.1
Agenda item 5: Minutes of meeting of Financial Audit and Assurance Committee of 26 April 2018	AC.2018.5.2
Agenda item 6: Minutes of meeting of Performance Audit Committee of 26 April 2018	AC.2018.5.3
Agenda item 7: Report by Secretary to the Commission	AC.2018.5.4
Agenda item 8: Report by Secretary to the Commission	AC.2018.5.5
Agenda item 10: Report by Secretary to the Commission	AC.2018.5.6
Agenda item 11: Report by Secretary to the Commission	AC.2018.5.7
Agenda item 12: Report by Secretary to the Commission	AC.2018.5.8
Agenda item 13: Report by Director of Performance Audit and Best Value	AC.2018.5.9
Agenda item 14: Report by Controller of Audit	AC.2018.5.10
Agenda item 15: Report by Controller of Audit	AC.2018.5.11
Agenda item 18: Report by Assistant Director, Appointments and Assurance Team	AC.2018.5.12

MEETING: 10 MAY 2018

MINUTES OF PREVIOUS MEETING

Minutes of the 445th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 12 April 2018, at 10.15am

PRESENT: Graham Sharp (Chair)
Sandy Cumming
Alan Campbell
Sheila Gunn
Ronnie Hinds
Tim McKay
Stephen Moore
Pauline Weetman

IN ATTENDANCE: Rikki Young, Business Manager, PABV (acting Secretary to the Commission)
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Assistant Director, Appointment and Assurance Team [Item 11]
Derek Hoy, Audit Officer, PABV [Item 13]
Mark McCabe, Audit Manager, PABV [Item 9]
Diane McGiffen, Chief Operating Officer, Audit Scotland [Item 12]
Paul O'Brien, Senior Manager, Professional Support Team [Item 11]
Peter Worsdale, Audit Manager, PABV [Item 13]
David Martin, Chair, Local Government Benchmarking Framework Project Board [Item 8]
Emily Lynch, Programme Manager - Performance Management and Benchmarking, Improvement Service [Item 8]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 8 March 2018
5. Audit Scotland Board update
6. Update report by the Secretary to the Accounts Commission
7. Update report by the Controller of Audit
8. Local Government Benchmarking Framework
9. National Scrutiny Plan
10. How councils work
11. Revised form of independent auditor's reports
12. Audit Scotland strategic planning update
13. Performance audit: draft report – councils' use of arms-length external organisations
14. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig and Geraldine Wooley.

2. Declarations of interest

The following declarations of interest were made:

- Alan Campbell, in item 13, as a former chief executive of Aberdeenshire Council, in relation to references to Aberdeenshire Council
- Sandy Cumming, in item 6, as a close family member is employed in relation to early learning and childcare policy, in relation to references to the Scottish Government and COSLA consultation on the early learning and childcare model for 2020.
- Sheila Gunn, in item 7, as Vice-Chair of the Wheatley Group and previous involvement in the establishment of the Edinburgh Leisure arm's-length external organisation.
- Ronnie Hinds, in item 8, as a former chair of the project board of the Local Government Benchmarking Framework, and item 13, as a former Chief Executive of Fife Council, in relation to references to Fife Council.

3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Item 12 is a discussion on matters relating to the Commission's relationship with Audit Scotland, which may involve confidential issues which the Commission would wish to consider in private.
- Item 13 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 14 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 14 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 8 March 2018

The minutes of the meeting of 8 March 2018 were approved as a correct record.

Arising therefrom, the Commission noted advice from the Controller of Audit:

- That, in relation to items 4 and 7 of the minutes, further information on the General Data Protection Regulation, and public sector pay rises was included the Commission Secretary's update report.
- That, in response to a query from Tim McKay, he would provide the further information to the Commission on the implications of the General Data Protection Regulation as it applies to councils.

Action: Controller of Audit

5. Audit Scotland Board update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

During discussion, and having noted a verbal update from the Chair on recent Audit Scotland Board activity, the Commission noted advice from the Director of PABV that:

- The results of Audit Scotland's Best Companies staff survey will be shared electronically with Commission members.
- Commission members will be invited to attend the next Audit Scotland all-staff conference.

Action: Secretary and Director of PABV

Thereafter, the Commission noted the report.

6. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission noted advice from the Director of PABV that:

- In relation to paragraphs 4 to 7, in response to a query from Ronnie Hinds, that he will discuss with the Audit Scotland Communications Team options for the provision to members of additional post publication media coverage summaries.
- In relation to paragraph 79, in response to a query from Ronnie Hinds, that Audit Scotland is considering the National Audit Office report 'Good practice in annual reports' as part of ongoing programme development and audit quality work.
- In relation to paragraph 90, in response to a query from Tim McKay, that further information be provided on any Barnett consequential arising from the additional funding provided to councils in England for the repair of potholes

Actions: Director of PABV

Following discussion, the Commission noted the report.

7. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

8. Local Government Benchmarking Framework

The Commission considered a report by the Secretary introducing a discussion with representatives of the Local Government Benchmarking Framework (LGBF) Project Board.

The Chair welcomed David Martin, Chair of the LGBF Project Board, and Emily Lynch, Programme Manager - Performance Management and Benchmarking, Improvement Service, who undertook a presentation in this regard.

Following discussion, the Commission:

- Noted the trends, key issues, and LGBF Board strategic priorities as outlined within the presentation.
- Noted the progress of the LGBF project, particularly in relation to the areas of particular interest to the Commission as set out in paragraph 7 of the report by the Secretary.
- Noted the initial observations of the LGBF Board representatives in relation to councils' performance against the Commission's statutory performance information Direction.
- Noted the following advice from the representatives of the LGBF Board arising from points raised by Commission members:
 - That progress in relation to customer satisfaction measures remains a priority for the Board
 - That the Improvement Service is taking forward work with councils, including seeking their views on how it is used, to support their understanding of benchmarking data and prioritisation of improvement activity
 - That the delivery models and funding sources for services (e.g. ALEOs) are discussed with benchmarking groups..
 - That the data in relation to home care is an area worthy of further analysis..
 - That the Board is aiming for a better balance between input, output and outcome indicators..
 - That broader community planning indicators need to be considered in addition to the LGBF indicators for contextual information relating to performance.
- Agreed that the Chair, Deputy Chair and Secretary discuss further with the LGBF Board:
 - Better use of Improvement Service data and analysis in Accounts Commission reports.
 - Thematic and longer term comparative trend analysis of performance.
 - The extent to which the framework and LGBF annual report informs strategic decision making in local government.

Action: Secretary

Thereafter, the Chair thanked David Martin and Emily Lynch for their presentation and the subsequent discussion.

9. National Scrutiny Plan

The Commission considered a report by the Director of PABV providing the Strategic Scrutiny Group's (SSG) National Scrutiny Plan (NSP) for Local Government 2018/19 for information.

Following discussion, the Commission noted the report.

10. How councils work

The Commission considered a report by the Director of PABV inviting the Commission to select an appropriate topic for a report in the *How Councils Work* series to be published during 2018/19.

During discussion, the Commission agreed:

- To note advice from the Director of PABV, in relation to paragraph 11, that the Improvement Service has now published its paper on effective scrutiny

Following discussion, the Commission agreed:

- To proceed with a *How Councils Work* report on managing risks through internal control, combined with principles of effective scrutiny.
- That the draft scope for this work be presented to the Performance Audit Committee at its June meeting.

Action: Director of PABV

11. Revised form of independent auditor's reports

The Commission considered a report by the Assistant Director, Appointments and Assurance Team, on the revised form of independent auditor's reports in respect of local authorities, local authority pension funds and section 106 charities from 2017/18.

Following discussion, the Commission:

- Noted that consideration will be given to applying the ISA 700 requirements in relation to 'public interest entities' to all local authority reports from 2018/19.
- Approved the model independent auditor's reports for local authorities, local authority pension funds and section 106 charities.

12. Audit Scotland strategic planning update [in private]

The Commission considered a report by the Chief Operating Officer of Audit Scotland on Audit Scotland's strategic planning process, operating environment, and key audit and organisational priorities.

During discussion, the Commission:

- Noted advice from the Chief Operating Officer on Audit Scotland's approach to:
 - The impact of departure from the EU on specific aspects of European funding related audits
 - Workforce planning, staff development and recruitment
 - The 'Year of young people 2018'.

Following discussion, the Commission:

- Noted Audit Scotland's strategic planning process and priorities.
- Noted that the discussion will inform a range of strategies and plans.

13. Performance audit: draft report – councils’ use of arms-length external organisations [in private]

The Commission considered a report by the Director of PABV proposing the draft report on the performance audit on councils’ use of arms-length external organisations (ALEOs).

During discussion, the Commission agreed to:

- Approve the draft report, subject to the audit team considering points raised in conjunction with the sponsors of the report, Tim McKay and Stephen Moore, and the Chair and Deputy Chair of the Commission.
- Approve the publication and promotion arrangements for the report.

Actions: Director of PABV and Secretary

14. Commission business matters

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 10 MAY 2018

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF
26 APRIL 2018**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 102 West Port, Edinburgh on Thursday, 26 April 2018, at 10am.

PRESENT: Pauline Weetman (Chair)
Sheila Gunn
Ronnie Hinds
Tim McKay
Graham Sharp
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Fiona Daley, Consultant, Appointments and Assurance Team (Items 8 and 9)
John Gilchrist, Manager, Appointments and Assurance Team (Items 8 and 9)
Fiona Kordiak, Director, Audit Services (Items 5 and 7)
Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)
Paul O'Brien, Senior Manager, Professional Support Team (Item 5)
Gordon Smail, Associate Director, Audit Services and PABV (Items 6 and 7)
Owen Smith, Senior Manager, Appointments and Assurance Team (Items 8 and 9)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 22 February 2018
4.	Current issues from the local authority audits
5.	Accounting and auditing developments
6.	Auditor guidance: openness and transparency
7.	Audit quality in Audit Services Group
8.	Audit quality thematic review – prior period errors 2016-17
9.	Audit quality monitoring report Q3/Q4 2017/18
10.	Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 22 February 2018

The minutes of the meeting of 22 February 2018 were noted.

Arising therefrom, the Committee:

- In relation to item 3, fourth bullet point, agreed that the Controller of Audit update the Committee at its next meeting, as part of the 'current issues' report, on Scottish Borders Council's review and 'lessons learned' activities around its cancelled waste management facility.

Action: Controller of Audit

- In relation to item 3, sixth bullet point, agreed that the Director of Audit Services liaise with the Secretary to arrange a brief session at its next meeting on applying professional scepticism in audit work.

Action: Director of Audit Services and Secretary

4. Current issues from the local authority audits

The Committee considered a report by the Controller of Audit advising of emerging issues and recurring themes, as well as individual issues of interest, in Scottish councils.

During discussion, the Committee agreed:

- To note advice from the Controller of Audit that:
 - Kenneth Lawrie, current Chief Executive of Midlothian Council, had been appointed as the new Chief Executive of Falkirk Council.
 - In response to a query from Geraldine Wooley in relation to fraud risks arising from councils not securing their local authorities public sector network certification, that he and auditors were monitoring the situation.
- In response to a query from various members, that the Controller of Audit provide more information on the arrangements around City of Edinburgh Council's limited liability partnerships in relation to housing.
- In response to a query from Geraldine Wooley, that the Controller of Audit further consider the equalities and diversity implications of redundancies in councils.
- That a report on the latest triennial actuarial valuations of local government pension scheme assets and liabilities be provided at a subsequent meeting of the Committee.
- That a summary of progress of shared services initiatives be provided.

Actions: Controller of Audit

Thereafter, the Committee noted the report.

5 Accounting and auditing developments

The Committee considered a paper by the Director of Audit Services on the main accounting and auditing developments in the last few months.

During discussion, the Committee:

- Noted advice from the Director of Audit Services that monitoring and reviewing appointed auditors' approach to materiality is an ongoing responsibility of the Appointments and Assurance Team.
- Agreed accordingly to continue a watching brief in this regard.

Action: Assistant Director, Appointments and Assurance

- Noted advice from the Director that she would ensure dialogue with the Financial Reporting Council on their monitoring of audit firms, the next opportunity to do so would be through the meeting of the UK Public Audit Forum Technical Directors meeting in June 2018.

Action: Director of Audit Services

Thereafter, the Committee noted the report.

6. Auditor guidance: openness and transparency

The Committee considered a report by the Associate Director, Audit Services and PABV proposing guidance for auditors on openness and transparency to assist their assessment of governance in the organisations they audit, as part of a wider output that provides an audit view on key issues in openness and transparency.

During discussion, the Committee agreed:

- That, subject to agreement with the Auditor General, the paper be confined to guidance on the features of openness and transparency to be considered by auditors.

Action: Associate Director, Audit Services and PABV

- To defer consideration of the need for the Commission to issue its view on openness and transparency.
- That, accordingly, more evidence be gathered on councils' approach to openness and transparency, with this guidance to auditors to this end.

Action: Controller of Audit

- Accordingly to recommend to the Commission that the Controller of Audit report on councils' approach to openness and transparency in his Annual Assurance and Risks Report in February 2019.

Action: Secretary

- That the guidance be shared with the Committee Chair and Commission Chair and Deputy Chair for comment before being issued to auditors.

Action: Associate Director, Audit Services and PABV

7. Audit quality in Audit Services Group

The Committee agreed to defer to its next meeting a presentation by the Director of Audit Services on audit quality in Audit Services Group in Audit Scotland.

8. Audit quality thematic review – prior period errors 2016-17

The Committee considered a report by the Assistant Director, Appointments and Assurance on the results of the review of prior period errors included in the 2016-17 financial statements.

During discussion, the Committee noted advice from the Senior Manager, Appointments and Assurance, that he would monitor and report upon trends in this regard over the terms of audit appointments.

Thereafter, the Committee noted the report.

9. Audit quality monitoring report: Q3/Q4 2017/18

The Committee considered a report by the Assistant Director, Appointments and Assurance on the second Audit Quality report following the introduction of the new Audit Quality Framework endorsed by the Accounts Commission in October 2017. The report summarises audit quality activity across all audit work between October 2017 and March 2018.

During discussion, the Committee agreed:

- That in future such reports, the team encourage auditors to consider greater coverage of audits of integration joint boards in internal compliance reviews.
- To state its desire for consistency in external compliance review approaches to financial audit, performance audits and auditing Best Value.
- Further in this regard to note advice from the Appointment and Assurance Team representatives that this desire remains an area for further consideration and development, with the Commission's view sought as appropriate through the Best Value Working Group.
- That future such reports ensure that clarity in the role the Appointments and Assurance Team in monitoring requests for non-audit services, and its interaction with the ethics partner, is provided, as set out in the Audit Quality Framework.
- To note further in this regard that discussions between the Committee Chair, Secretary and Audit Scotland remain ongoing.
- That future such reports contain trend analysis in budgeted versus actual audit fees.
- To note that the Commission will consider at its May meeting the annual audit quality report for endorsement.
- To note that the Commission will include in its annual report a statement on its assurance on the quality of audit work, to be considered at its May meeting.

Actions: Assistant Director, Appointments and Assurance

10. Any other business

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 10 MAY 2018

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 26 APRIL 2018

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of 102 West Port, Edinburgh, on Thursday 26 April 2018, at 2.00pm.

PRESENT: Ronnie Hinds (Chair)
Alan Campbell
Sophie Flemig
Stephen Moore
Graham Sharp

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Antony Clark, Assistant Director, PABV [Item 4 and 5]
Fiona Daley, Consultant, Audit Services [Item 6]
John Gilchrist, Manager, Appointments and Assurance [Item 6]
Mark MacPherson, Senior Manager, PABV [Item 5]
Owen Smith, Senior Manager, Appointments and Assurance [Item 6]
Rikki Young, Business Manager, PABV [Item 4]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 22 February 2018
4.	Work programme update
5.	Policy briefing: Justice, education and lifelong learning
6.	Audit quality monitoring report Q3/4 2017/18
7.	Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

The following declaration of interest was made:

- Sandy Cumming, in item 5:
 - as Chair of Scotland's Rural College, in relation to references in this regard.
 - as a close family member is employed in relation to early learning and childcare policy, in relation to references in this regard.

3. Minutes of meeting of 22 February 2018

The minutes of the meeting of 22 February 2018 were noted.

Arising therefrom, the Committee agreed, in relation to item 3, first bullet point, to note advice from the Secretary that he was in discussion with the Chair on a programme of lunchtime speakers, which would be shared with Commission members in early course.

4. Work programme update

The Committee considered a report by the Director of PABV providing an update on the parts of the work programme on which the Committee has an oversight and quality assurance role on behalf of the Commission.

During discussion, the Committee agreed:

- To note advice from the Director that the advisory group on community empowerment is chaired by Claire Sweeney, Associate Director, PABV.
- To note advice from the Secretary that proposals for sponsors for forthcoming performance audits was being discussed with the Chair, to be shared with Commission members in early course.
- To note advice from the Secretary and Director that a detailed reporting schedule of programme development outputs would be reported to the Committee at its next meeting.

Action: Director of PABV & Secretary

Thereafter, the Committee noted the report.

5. Policy briefing: Justice, education and lifelong learning

The Committee considered a briefing paper from the Director of PABV on the justice, education and learning policy cluster. The paper was introduced by Mark MacPherson, Senior Manager, PABV and Antony Clark, Assistant Director, PABV.

During discussion, the Committee agreed:

- To note advice from the Director that:
 - equalities and diversity issues were addressed in the briefing paper.
 - in response to a query by Stephen Moore, that monitoring of the passage of the Management of Offenders (Scotland) bill will include

reference to the Probation Service in England and opportunities to learn from its development.

- in response to a query from Alan Campbell, that:
 - the Scottish Government is developing evaluative work around early intervention and prevention
 - he would share with members evaluative work by What Works Scotland in relation to early intervention and prevention.
- in response to a query by Sophie Flemig, that, in line with the Commission's strategy, a user and inequalities focus is considered in the scoping of all performance audit work.
- in response to a query from Sandy Cumming, that the implications of the Scottish Government's Enterprise and Skills Review would feature in appropriate annual audit reports.
- In relation to a query from Ronnie Hinds, that the Director confirm the basis of the 2017 educational attainment results referred to in the briefing paper.
- In relation to a query from Ronnie Hinds, to underline the Commission's interest in ensuring appropriate access to school education data, in pursuit of performance audit work in this regard.

Actions: Director of PABV & Secretary

Thereafter, the Committee noted the briefing paper.

6. Audit quality monitoring report: Q3/Q4 2017/18

The Committee considered a report by the Assistant Director, Appointments and Assurance on the second Audit Quality report following the introduction of the new Audit Quality Framework endorsed by the Accounts Commission in October 2017. The report summarises audit quality activity across all audit work between October 2017 and March 2018.

During discussion, the Committee agreed:

- To note advice from the Appointments and Assurance Team representatives, in response to a query from Alan Campbell, that future reports would report upon auditors' work in relation to material prior period errors.
- To recommend to the Commission that in its reporting of its assurance in its annual report, that consideration be given as to how the Commission reports:
 - its assurance from quality assurance processes in relation to high profile audits.
 - Its assurance from its approach to non-audit services requests and independence.
- To note advice from the Appointments and Assurance Team representatives that the team would continue to monitor the actions taken by audit providers in relation to staff survey results.
- To note advice from the Commission Chair that he was discussing with the Secretary audit quality reports on specific audits.

Actions: Assistant Director, Appointments and Assurance

7. Any other business

The Chair having advised that there was no further business, the meeting was closed.

MEETING: 10 MAY 2018

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to “provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions”.¹
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.² These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.³
4. As well as being a member of Audit Scotland’s Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.
5. In *Public Audit in Scotland*⁴, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that “by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies.”
6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

Current Board business

7. This report provides the Commission with the latest available minutes from meeting of the Audit Scotland Board, in this case the meeting of 28 March 2018. They are attached in the Appendix.
8. The most recent meeting of the Board was on 2 May 2018, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 6 June 2018 and considered by the Commission thereafter.

¹ Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

² Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

³ The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland’s proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor’s report before the Parliament; and (d) appoint three of the five members of Audit Scotland’s Board , including its Chair.

⁴ *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Chair will, however, provide a verbal update on any relevant business for members' interest, and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
2 May 2018

Minutes

Wednesday 28 March 2018, 10.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

I Leitch (Chair)
C Gardner
G Sharp
H Logan
R Griggs

Apologies:

None

In attendance:

D McGiffen, Chief Operating Officer
M Walker, Assistant Director, Corporate Performance and Risk
S Dennis, Corporate Finance Manager (items 9 – 13)
J Gillies, Communications Manager (item 13)
B Stoddart, Senior Graphic Designer (item 13)
J Webber, Senior Executive Assistant

1. Welcome and apologies

The Chair welcomed members and attendees to the meeting of the Audit Scotland Board, the agenda and papers for which had been published on Audit Scotland's website on Monday 26 March 2018.

2. Declarations of interest

There were no declarations of interest.

3. Decision on items to be taken in private

The members agreed that Items 13, 14 and 15 would be considered in private.

4. Chair's report

Ian Leitch provided a verbal update on meetings since the previous Board meeting with Diane McGiffen on general business matters.

The members welcomed the update.

5. Accountable Officer's report

Caroline Gardner advised the Board of recent parliamentary engagement including; the evidence sessions to the Public Audit and Post Legislative Scrutiny (PAPLS) Committee on 8 March and the Education Committee on 21 March 2018 on the Early Learning and Childcare report. Caroline advised of the PAPLS session on 29 March 2018 on NHS Tayside and of the session on the Scotland Act Report which was scheduled with PAPLS for 19 April 2018. Caroline also invited the Board to note that a series of events were being arranged by the

Finance Committee to promote the recommendations of the Budget Process Review Group in May 2018.

Caroline advised the Board that during the severe weather disruption Audit Scotland's investment in technology and the Time, Place Travel policy had enabled colleagues to continue to work, reducing the impact of disruption to the organisation.

Caroline invited the Board to note she had joined the Accounts Commission Strategy Seminar and of her recent speaking engagement at the CIPFA Conference Scotland on 23 March 2018, and a further speaking engagement at the Women in Banking and Finance Dinner on 12 April. Caroline also advised she would be the keynote speaker at the first PSAA Local Quality Audit Forum meeting in April 2018.

Caroline advised the Board that the external quality assurance work by ICAS was on track to report its final conclusions.

Caroline also invited the Board to note that Diane McGiffen, Chief Operating Officer, was presenting a paper at an international conference at the University of Tampere in Finland on the retention of women in the public sector workforce in April 2018.

Following discussion, the Board welcomed the update.

6. Accounts Commission Chair's report

Graham Sharp advised the Board that the Accounts Commission had approved the joint performance audit work programme at its meeting on 8 March 2018 and this was due to be approved by the Auditor General of Scotland by 30 March 2018.

Graham provided a summary of the outcomes from the Accounts Commission Strategy Seminar which focussed on engagement with stakeholders, public sector risks and how auditors can best provide assurance on the areas of interest for the commission.

The Board discussed the different types of audit currently performed and noted the arrangements underpinning the Code of Audit Practice would evolve over the course of the current appointment term to ensure they provide assurance for the Auditor General of Scotland and the Commission.

Graham invited the Board to note the publication of the statutory report on Dundee City Council and the forthcoming publication of the City of Edinburgh Schools statutory report.

Graham advised the Commission would be considering the Local Government benchmarking framework and a performance audit report on ALEOs at its next meeting on 12 April 2018.

The Board welcomed the update.

7. Review of minutes

Board meeting, 28 February 2018

The Board considered the minutes of the Board meeting on 28 February 2018, which had been previously circulated, and agreed these were an accurate record of the meeting subject to minor amendment at item 6, paragraph 3.

Audit Committee meeting, 15 November 2017

The Board considered the minutes of the Audit Committee meeting on 15 November 2017, which had been approved by the Audit Committee on 14 March 2018. The Board noted the minutes.

8. Review of actions tracker

The Board noted the updates provided by the action tracker.

Diane McGiffen provided a verbal update on ASB49, advising the Board on the developments to build on previous work with Young Scot and to mark the Year of Young People. She advised that Tricia Meldrum would be reporting to the Board on 2 May 2018 specifically about the partnership with Young Scot.

Diane McGiffen also provided a verbal update on ASB64 on the work of and developments within the Appointments and Assurance and Professional Support teams advising a report would be scheduled to come to the Board following the quality reporting scheduled for May and June 2018.

9. Audit Scotland budget 2018/19

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis, Corporate Finance Manager, introduced the Audit Scotland budget 2018/19 report, which had been previously circulated.

Stuart invited the Board to approve the proposed operational budget for 2018/19.

The Board noted there was no change to the total budget resources approved by the Scottish Commission for Public Audit.

Heather Logan asked how additional income was reflected in the indicative and actual fees. Stuart advised the audit fees for Integrated Joint Boards had been based on 2016/17 audit fee levels and that the first full year of the audits had highlighted complex governance arrangements and that more time needed to be allocated to these audits in 2017/18. He also advised that this was reflected in the fees and the revised income budget.

Heather also asked about changes to Communications and Digital Services teams. Stuart advised this related to a small adjustment to the budget.

Following discussion, the Board welcomed the report.

10. Any other business

There was no further business.

11. Review of meeting

The members agreed the meeting had been conducted effectively and the Chair thanked everyone for their contribution.

12. Date of Next Meeting

It was noted that the next Audit Scotland Board meeting was scheduled for 10.15am on Wednesday 2 May 2018 in the offices of Audit Scotland, 102 West Port, Edinburgh.

The Board then moved into private session.

Items taken in private

13. Audit Scotland draft annual report and accounts

James Gillies, Communications Manager and Bruce Stoddart, Senior Graphic Designer, joined the meeting.

James Gillies and Bruce Stoddart introduced the Audit Scotland draft annual report and accounts report, which had been previously circulated.

James invited the Board to consider the proposed layout and Bruce presented the refreshed design for the report.

The Board welcomed the proposed format and content and discussed the visuals to be used noting that these continue to be developed and would appear in the next draft to be shared with the Board in May 2018.

The Board welcomed the report.

Stuart Dennis, James Gillies and Bruce Stoddart left the meeting.

14. Draft Corporate plan 2018-21

Martin Walker, Assistant Director, Corporate Performance and Risk introduced the Draft Corporate plan 2018-21 report, which had been previously circulated.

Martin invited the Board to consider and comment on the first draft of the Corporate Plan.

The Board discussed the need to bring the purpose and influence of public audit forward in the report together with the audit priorities for the Auditor General of Scotland and the Accounts Commission. Heather Logan welcomed the refinement to, and the articulation of, the strategic priorities.

Following discussion, the Board welcomed the emerging themes, structure, proposed content and design.

15. Internal audit services procurement

The Board considered the report and approved the appointment of BDO LLP as the supplier of internal audit services to Audit Scotland.

Heather Logan, Chair of the Audit Committee, introduced the Internal audit services procurement report, which had been previously circulated.

Heather invited the Board to approve BDO LLP as the supplier of internal audit services to Audit Scotland.

Following discussion, the Board approved the appointment of BDO LLP.

MEETING: 10 MAY 2018

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. This report complements a number of other sources of information reported regularly to the Commission. The Controller of Audit updates the Commission at its meetings on his activity. The Commission's Financial Audit and Assurance Committee receives a more detailed update from the Controller of Audit on issues relating to local government. The Commission's Performance Audit Committee receives regular updates from Audit Scotland's policy cluster teams on policy matters in the local government environment. Commission members also receive a weekly briefing provided by Audit Scotland's Communication Team, made available on the members' extranet site, which provides more detailed news coverage of local government and related matters.
3. The information featured is also available on the Accounts Commission members' extranet site. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications:

4. On April 12, the Accounts Commission and Auditor General published [What is integration? A short guide to the integration of health and social care services in Scotland](#). The guide summarises some key information from that report on the background of health and social care integration in Scotland and outlines how Integration Authorities are structured and function. It was developed in conjunction with the Commission sponsors for the ongoing performance audit on health and social care integration.
5. The download statistics (with the increase from last month) for the reports by the Commission over the last 12 months (as at 26 April) are:

Report	Date	Report downloads	Report podcasts
Local government in Scotland: Challenges and performance 2018	5 April 2018	1393 (+1393)	56
National Scrutiny Plan 2018/19	4 April 2018	161 (+161)	
Edinburgh City Council: Statutory report on Edinburgh Schools	3 April 2018	656 (+656)	131
Dundee City Council: Statutory report on significant fraud	22 Mar 2018	716 (+280)	110

Report	Date	Report downloads	Report podcasts
Early learning and childcare	15 Feb 2018	2060 (+392)	135
Falkirk Council Best Value follow-up audit 2017	1 Feb 2018	1076 (+191)	42
Clackmannanshire Council Best Value Assurance Report	25 Jan 2018	1420 (+127)	
Orkney Islands Council Best Value Assurance Report	14 Dec 2017	810 (+96)	
Local government in Scotland: Financial overview 2017	28 Nov 2017	2432 (+285)	38
West Lothian Council Best Value Assurance Report	23 Nov 2017	957 (+79)	94
East Dunbartonshire Council Best Value follow-up audit 2017	16 Nov 2017	532 (+66)	79
East Renfrewshire Council Best Value Assurance Report	07 Nov 2017	1181 (+89)	158
Equal pay in Scottish councils	7 Sep 2017	1964 (+212)	197
Renfrewshire Council Best Value Assurance Report	31 Aug 2017	2089 (+223)	
Self-directed support: 2017 progress report	24 Aug 2017	4228 (+338)	78
Best Value Assurance Report: Inverclyde Council	1 Jun 2017	1541 (+67)	307
Accounts Commission annual report 2016/17	25 May 2017	1162 (+41)	
Accounts Commission action plan: progress report 2016/17	25 May 2017	273 (+33)	
Accounts Commission strategy and annual action plan 2017-22	25 May 2017	994 (+62)	
Accounts Commission engagement strategy and engagement plan 2017/18	25 May 2017	535 (+44)	
Accounts Commission engagement plan: progress report 2016/17	25 May 2017	247	

Other business:

6. On 23 April, the Commission Chair met with representatives of Dundee City Council to discuss the statutory report on a [significant fraud in the Council](#), published on 22 March 2018. Dundee City Council was represented by councillors John Alexander (Council leader, SNP) and Fraser Macpherson (Liberal Democrat), David Martin (Chief Executive) and Greg Colgan, Executive Director of Corporate Services. Paul Reilly (Secretary to the Commission) and Bruce Crosbie (Senior Audit Manager, Audit Services Group, Audit Scotland and appointed auditor of Dundee City Council).
7. In my last report to the Commission, I reported on progress in the preparations for the introduction of the EU's General Data Protection Regulation. At its meeting on 2 May 2018, Audit Scotland Board approved a revised data protection policy. By virtue of the Commission's Chair's membership of the Board, this policy now applies to the Commission. A copy has been placed on the members extranet. There will be obligations on Commission members to undertake training in relation to the revised policy, further information on which will be shared in due course.

Audit Scotland

8. On 19 April, Audit Scotland sent representatives, Gemma Diamond and Veronica Cameron, to attend the EURORAI conference in Rotterdam. The theme of the conference was “Conducting audits on cyber and information security”. EURORAI - the European Organisation of Regional External Public Finance Audit Institutions - is a cooperation project among public sector audit institutions in Europe which provides an exchange of experiences and enables to make progress in the common field of regional and local public sector financial control in order to guarantee a better use of public finances. Gemma and Veronica are preparing a blog of their experience which will be shared with Commission members in due course.
9. On 19 April, Audit Scotland held its first *Women in Leadership* event. Director of Audit Services Fiona Kordiak led the session, which focused on what it is like to be a woman in a leadership position.
10. On 25 April, the Scottish Public Services Ombudsman (SPSO) published a decision on a complaint against Audit Scotland, some aspects of which were upheld and recommendations made. The complaint was about the audit of a further education college and an associated report. The SPSO found that there had been a change in the scope of the audit on the basis of legal advice but that a record of this advice had not been maintained. It was also found that after the scope of the audit changed, a person who was previously advised they would be interviewed was not advised that this would no longer go ahead. Consequently, the person was unaware of the progress of the audit until sent a copy of the report the day before publication. Audit Scotland acknowledged the issues with communication and there being no record of the legal advice during their own consideration of the case. Audit Scotland concluded that the person should have been informed at an earlier stage as this would have allowed the opportunity to submit evidence for consideration. Audit Scotland also advised that as a result of their review of this case, they were considering their approach in engaging with people who have a clear interest in their work but are no longer employed by the organisation being audited. The SPSO investigation highlighted some issues with complaints handling and found that in relation to one point, information Audit Scotland provided was misleading. No other failings in Audit Scotland's approach in this case were identified. The recommendations made were that:
 - Audit Scotland should apologise for the failings highlighted in this investigation, including providing inaccurate information.
 - Complaints within correspondence should be identified and recorded as quickly as possible. If complaints are so closely linked to other concerns that they are to be dealt with together, the rationale should be explained to the complainant from the outset.
 - Complaint responses should be accurate and unambiguous.

The SPSO has asked that Audit Scotland provide evidence that recommendations have been implemented.

11. Audit Scotland has taken a one year membership with [Quality Scotland](#). Quality Scotland is a charitable, membership organisation working with over 250 organisations across Scotland from the private, public and third sectors. All Audit Scotland staff will have access to benefits including guidance and expertise on implementing business improvement approaches; online self-assessment packages; sharing best practice through a range of networks, themed groups and webinars; and case studies.

Issues affecting local government

Scottish Government:

12. On 3 April, the Scottish Government [published its](#) Every Child, Every Chance – Tackling Child Poverty Delivery Plan 2018-22. The Plan is the first step towards meeting the targets set out in the Child Poverty (Scotland) Act 2017.
13. On 4 April, the Scottish Government and Glasgow City Council [published their](#) final evaluation report on the Glasgow 2014 Commonwealth Games, which states that with effective planning, governance and leadership positive legacy effects are possible, but not automatic. It also asserts that the early planning, depth of partnership and collective leadership of legacy across public, private and third sector agencies has been acknowledged nationally and internationally.
14. On 4 April, the Scottish Government [announced that](#) the Scottish economy grew by 0.3% during the fourth quarter of 2017.
15. On 5 April, the Scottish Government [published its](#) proposed Amended Code of Conduct for Councillors, setting out standards of behaviour to be followed by elected members of local authorities. The substantive changes made by this latest version of the code are to make clear that bullying or harassment is completely unacceptable and will be considered to be a breach of the code; and changes to the rules on declarations of interest by councillors who are also members of Regional Transport Partnerships. COSLA [commented on](#) the amended code, stating that the change sends a strong message that all forms of bullying and harassment are not only completely unacceptable but are considered a breach of the code of conduct.
16. On 6 April, the Scottish Government [announced that](#) it will provide £10 million in extra funding to all local authorities to cover the cost of roads maintenance and make additional repairs to road surfaces, following the extended wintry weather. The details of the distribution are to be agreed with COSLA.
17. On 17 April, the Scottish Government [announced that](#) it will offer local authorities a share of £2.8 million to roll out the 'Caledonian System', which is an initiative to help tackle domestic abuse.
18. On 18 April, the Scottish Government [announced that](#) it will provide a £250,000 package of support to help farmers who had lost livestock due to recent severe weather.
19. On 23 April, the Scottish Government [announced that](#) its new innovation hub in Berlin has opened for business. Amongst the aims of the new hub are to promote investment between German and Scottish businesses and to increase Scottish Government influence and engagement with Germany.
20. On 26 April, the Scottish Government [published its](#) digital health and social care strategy, which follows up more specifically on the overall digital strategy it published last year.
21. On 27 April, the Scottish Government [announced](#) that a funding package agreed in partnership with COSLA to invest almost a billion pounds annually to fund the expansion of early learning and childcare. This will see the Scottish Government invest by 2021-22 an additional £567 million per year to ensure that every child can access 1140 hours of fully funded early learning and childcare, bringing total annual public spend on early learning and childcare to around £990 million. In addition, the Scottish Government will provide councils with total capital funding of £476 million over four

years to support associated buildings projects. COSLA welcomed the “landmark agreement” stating that “local government is fully committed to early learning and childcare expansion to 1140 hours (and) COSLA and Scotland’s council leaders are fully behind the policy.

22. On 30 April, the Scottish Government announced increases to the [Affordable Housing Supply Programme budget](#) for the next three years, bringing the overall funding allocated to councils for affordable housing to £1.79 billion over three years.

Councils will receive an extra £35 million on previously announced funding for affordable housing. The remaining investment will fund national schemes, including support for first time buyers and increasing rural and island housing. COSLA welcomed the increase, stating that “the financial certainty up to 2020-21... makes planning activity much easier (and) is a good example of longer term financial planning.”

Scottish Parliament

General:

23. On 4 April, the Scottish Parliament Information Centre (SPICe) published [Gross Domestic Product \(GDP\): 4th Quarter 2017](#); an infographic on the latest Scottish GDP release from the Scottish Government
24. On 9 April, SPICe published its briefing [Social Security \(Scotland\) Bill: Consideration prior to Stage 3](#). The briefing summarises the key issues arising during the passage of the bill to date, and the amendments brought forward at Stage 2.
25. On 12 April, SPICe published its briefing [National Outcomes Consultation 2018](#). The briefing provides an overview of the current and revised draft National Outcomes and of a stakeholder consultation. (The Scottish Government is required to consult those who appear to it to represent community interests, and other persons they consider appropriate. As part of the parliamentary consultation, the Government is required to provide details of the stakeholder consultation to the Parliament. (neither the Commission nor Audit Scotland responded to either this consultation or a subsequent one undertaken by the Parliament itself). It also includes information about the current and draft National Performance Frameworks.
26. On 18 April, SPICe published its briefing [Labour Market update: April 2018](#). The briefing provides an overview of the Scottish labour market from the latest regional labour market statistics from the Office for National Statistics. It found that the Scottish employment rate increased over the quarter and is now the same as the UK at 4.2 per cent. The employment rate in Scotland fell by 0.1 percentage points over the quarter, and the economic inactivity rate in Scotland was unchanged over the quarter.
27. On 19 April, in First Minister’s Questions, Monica Lennon MSP (Labour) asked the First Minister what the Scottish Government’s response is to the Commission’s local government overview report, and speaking against the ‘critical state’ of local government finances. The First Minister stated that the Scottish Government is increasing investment in local government in general and social care in particular. A follow-up question from Colin Beattie MSP (SNP) used the overview report to link Brexit to the local government workforce, prompting the First Minister to condemn Brexit and calling for the devolution of powers over immigration.
28. On 20 April, SPICe published [a briefing](#) which provides short definitions of commonly used planning terms and abbreviations, with the aim of helping people to understand

the language used in The Planning (Scotland) Bill.

29. On 25 April, the Social Security (Scotland) Bill [was passed](#) by the Scottish Parliament unanimously.

Parliamentary Committee News

Local Government and Communities Committee:

30. On 4 April, the Committee [announced that](#) it will evaluate the Scottish Government's proposed targets for communities. The Scottish Government have published 11 revised 'ambitions for Scotland' that it hopes to achieve over the next ten years. These 'national outcomes' feed into the Scottish Government's national performance framework.
31. On 18 April, the Committee [took evidence](#) on national outcomes from Derek Mackay, Cabinet Secretary for Finance and the Constitution, Roger Halliday, Chief Statistician and Data Officer, and Carol Tannahill, Chief Social Policy Adviser, Scottish Government.

Public Audit and Post Legislative Scrutiny Committee:

32. On 29 March, the Committee [took evidence](#) on the Auditor General's 2016/17 audit of NHS Tayside from Professor Sir Lewis Ritchie, Chair, NHS Tayside Assurance and Advisory Group; Caroline Lamb, Chief Executive, NHS Education for Scotland and Chair, Transformation Support Team NHS Tayside; Alan Gray, Director of Finance, NHS Grampian; Paul Gray, Director-General Health & Social Care, Scottish Government and Chief Executive, NHS Scotland; Gordon Wales, Chief Financial Officer, Scottish Government; Professor John Connell Professor, Chair of the Board; Lesley McLay, Chief Executive, NHS Tayside.
33. On 19 April, the Committee [took evidence](#) on the Auditor General's 2016/17 audit of NHS Tayside from Caroline Gardner, Audit General for Scotland; Claire Sweeney, Associate Director, Fiona Mitchell-Knight, Assistant Director of Audit, and Bruce Crosbie, Senior Audit Manager, Audit Scotland.

Other committees:

34. On 6 April, the Equalities and Human Rights Committee [published](#) Annex A: Draft National Outcomes consultation document. This document relates to the national performance framework outcomes review 2018. Audit Scotland is listed as an organisation that took part in structured conversations as part of the consultation process.
35. The inquiry by the Equalities and Human Rights Committee into [human rights and the Scottish Parliament](#) is ongoing. As part of the inquiry, Audit Scotland [submitted a response](#).

COSLA

36. On 16 April, COSLA [published its](#) first annual progress update, part of 'significant activity' across the organisation to modernise and improve. The update sets out COSLA's priorities for the future, including improving diversity in local government, increasing participation and dealing with Brexit.

Improvement Service

37. In April, the Improvement Service [published its](#) elected member briefing note on the Scottish Mental Health Strategy.

By-elections

38. There have been no by-elections since my last report.

Other Scottish local government news

39. On 2 April, National Records of Scotland published [Population Projections](#) for Scottish Areas, which showed that 24 councils are expected to see population growth over the next ten years. People aged 75 or over are projected to be the fastest growing age group, projected to increase by 27 per cent over the next decade.
40. On 2 April, Police Scotland [announced that](#) it has spent more than £115 million on overtime in the last five years, while the number of officers has fallen. There are around 240 fewer police officers in Scotland today than when the national force was founded in 2013.
41. On 5 April, Glasgow councillors [unanimously backed](#) a motion inviting Home Secretary Amber Rudd to the city to see plans for safe injecting spaces for drug users. The Lord Advocate has ruled plans by the council and NHS Greater Glasgow and Clyde to allow drug users to inject safely under supervision would need the UK Government to amend the Misuse of Drugs Act. Subsequently, on 20 April, MSPs [voted in favour](#) of supporting establishing safe drug injection facilities in Glasgow. The Government motion passed with the support of Labour, the Greens and the Liberal Democrats.
42. On 11 April, Pricewaterhouse Coopers [published a](#) report which found that Scotland's high streets suffered a net loss of 148 stores in 2017. This is the highest net rate of closures in the UK.
43. On 12 April, North Lanarkshire Council [announced plans](#) to purchase up to 100 houses each year on the open market. The scheme is designed to contribute towards efforts to meet the 'huge demand' for affordable housing in the area.
44. On 18 April, the Scottish Land Commission [announced that](#) it is developing new proposals that would give councils powers to force the sale of neglected and derelict buildings and land. Compulsory sale orders would enable local authorities to take control of longstanding neglected plots and put them up for public auction. These proposals will be put up for public consultation.
45. On 18 April, the Scottish Greens [released research](#) showing that the number of specialist teachers supporting pupils with additional support needs (ASN) has fallen for a fifth year in a row, leading to the worst pupil teacher ratio on record.
46. On 18 April, [a joint report](#) from the Scottish Government and the Scottish Trades Union Congress (STUC) found that there is little evidence that digital technology is currently significantly disrupting the Scottish labour market.
47. On 20 April, Scottish Rural Action [published its](#) updated Action Plan for 2017-19. It refers to providing 'input to Audit Scotland's developing approach to auditing the implementation of community empowerment legislation at local authority level'.
48. On 23 April, Glasgow [announced that](#) it is bidding for £100 million from a UK

Government funding pot to become the UK's smartest city. The Department for Digital, Cultural, Media and Sport (DCMS) is looking for a UK city or urban area of around 500,000 people to test cutting-edge mobile technology as part of its 5G Testbed and Trials Programme.

49. On 23 April, workers at East Dunbartonshire Council [voted for](#) industrial action against 'unacceptable cuts' to staff terms and conditions. The Council plans to cut overtime allowances, impose a three day reduction to annual leave entitlement and reduce redundancy benefit to the lowest paid members of staff.
50. On 24 April, charity The Trussell Trust [announced that](#) its food banks gave out a record number of food parcels in the last year. The charity said it saw a 17 per cent increase in demand in Scotland in 2017/18, compared to the previous year. It also [published analysis](#) showing that across the UK, food banks in areas where Universal Credit has been in place for a year or more have seen demand rise by 52 per cent.
51. On 7 May, Dumfries and Galloway Council will consider a report from Professor John Cole CBE on the inquiry he led into the construction of the DG One leisure centre, after a full survey showed that building safety and construction issues were much worse than originally thought. The report includes recommendations which have implications for the council, construction industry and other public bodies generally. It is proposed that an officer working group be established to consider the implications of Professor Cole's findings. Councillors will be asked to consider the content of the report, note the establishment of the working group, and agree to consider a further report explaining what actions will be taken in response to the recommendations. The report has attracted significant press coverage.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO):

52. The [SPSO's newsletter – April](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the [Our findings](#) webpage. The Commission's Financial Audit and Assurance Committee considers more detailed intelligence from the SPSO on a six-monthly basis.

Commissioner for Ethical Standards in Public Life in Scotland:

53. On 6 March, the Commissioner for Ethical Standards in Public Life in Scotland [issued a decision](#) on Councillor David MacDiarmid, Fife Council, concluding that the councillor has contravened the Councillors' Code of Conduct in certain respects. The Commissioner investigated complaint categories 3.1, 3.2, 7.3 and 7.4 (which cover general conduct in meetings and in relation to taking decisions).

Standards Commission for Scotland

54. On 3 April, Commission [published](#) Professional Briefing 17. This includes information about matters discussed at a Standards Officers' workshop held on 26 March, a flowchart for the use of councillors when making declarations of interests, and the outcomes of recent Hearings.
55. On 25 April, the Commission [held a](#) Hearing for Councillor David MacDiarmid of Fife Council. The Commission decided to suspend him from the Council's Regulation and Licensing Committee for two months for making disrespectful comments about a taxi driver.

Care Inspectorate

56. On 17 April, the Care Inspectorate, Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary for Scotland [published their](#) Joint inspection of services for children in Perth and Kinross. It follows a joint inspection of services for children and young people in the Perth and Kinross Community Planning Partnership. It found that services for young people in Perth and Kinross are performing well and delivering very good outcomes for children, young people and their families.
57. On 25 April, the Care Inspectorate [published](#) the Care Inspectorate Statistical Summary Report for Quarter 4 of 2017/18. This presents data on the number of registered care services, new registrations and cancellations, complaints about care services and quality theme grades.

Her Majesty's Chief Inspector of Constabulary Scotland (HMICS)

58. On 18 April, HMICS [published its](#) Scrutiny Plan 2018-19. The plan details how HMICS will meet its statutory purpose to inquire into the state, efficiency and effectiveness of both Police Scotland and the Scottish Police Authority (SPA).

Healthcare Improvement Scotland

59. On 18 April, Healthcare Improvement Scotland and the Care Inspectorate [published](#) their joint inspection (adults) into the effectiveness of strategic planning in the Renfrewshire Partnership. The inspection took place between October and December 2017. The report focuses on ensuring that the integration authority has the right structures in place to plan, commission and deliver services in a sustainable way; and the evaluation quality indicators gave the Partnership a 'good' rating.

Scottish Housing Regulator

60. On 29 March, the Scottish Housing Regulator [published its plans](#) to engage with social landlords. The Regulator will engage with 64 registered social landlords (RSLs) and 20 local authority landlords during 2018/19.
61. On 29 March, the Scottish Housing Regulator [published](#) *Risk Assessment: Summary outcomes*. This is a booklet which summarises the annual risk assessment of the risks facing all registered social landlords.

UK Parliament

Housing, Communities and Local Government Committee:

62. On 20 February, the Communities and Local Government Committee changed its name and is now known as the Housing, Communities and Local Government Committee. The name change reflects its role in scrutinising the newly named Ministry of Housing, Communities and Local Government.
63. On 19 April, the Committee [published its](#) 4th Report on the Private rented sector. This report examines the quality of rental properties, in particular those at the lower end of the market.
64. On 24 April, the Committee [published its](#) 5th report on Business rates retention. This report examines how councils had been affected by the longer than planned implementation period for reforms to local government finance, specifically the move

from 50 to 100 per cent retention of business rates revenue in 2019-20.

Scottish Affairs Committee:

65. On 24 and 13 April, [the Committee held](#) evidence sessions as part of its inquiry into digital connectivity. It heard from community broadband networks and mobile service providers, as well as Fergus Ewing, Cabinet Secretary for Rural Economy and Connectivity in the Scottish Government.
66. On [26 April](#), the Committee launched an inquiry into the future of the oil and gas industry. The Committee is accepting written submissions until 1 June 2018.

Public Accounts Committee:

67. On 12 April, the Committee [launched its](#) Financial sustainability of local authorities inquiry. On 9 May the Committee will ask representatives from the Ministry of Housing, Communities and Government about their assessment of the current financial health of local authorities. The Committee is accepting written submissions until 1 May 2018.

Other UK Audit Bodies

National Audit Office:

68. On 24 April, the NAO [published](#) *Investigation: WannaCry cyber attack and the NHS*. The report investigates the NHS's response to the cyber attack that affected it in May 2017 and the impact on health services.

Wales Audit Office

69. On 29 March, the WAO [published its](#) Annual Plan 2018-19, which covers the delivery of programmes of work during 2018-19
70. On 24 April, the WAO [published](#) *A picture of primary care in Wales*, which provides a snapshot of the current state of primary care in Wales and brings together numerous sources of data on primary care.

Other general – UK

71. On 22 March, the public sector IT organisation SOCITM [published a report](#) which found that the majority of councils are using a hybrid of cloud and on-site digital storage.
72. On 6 April, Babergh and Mid Suffolk District Councils [announced that](#) they have put their merger plans on hold after the county council ordered a review into the structure of local government. The councils have argued the best way to make local government 'fit for purpose' in the county is to replace both authorities with a single district council.
73. On 6 April, the UK government [made available](#) a database of problem landlords and property agents under the Housing and Planning Act 2016. The database will enable councils to share information about problem landlords.
74. On 9 April, the Institute for Government published *Devolution after Brexit – Managing the environment, agriculture, and fisheries*. The report [offers proposals](#) on how the UK and devolved government could arrive at new UK-wide frameworks.
75. On 10 April, Unison [agreed a](#) two-year pay deal for more than one million local

government workers in England, Wales and Northern Ireland. The package offers two per cent average rises from April 2018 and for the same for 2019.

76. On 18 April, waste management and environmental communications consultancy Pelican Communications [released a survey](#) which showed that one in three households support councils charging households for disposing of any waste and packaging they do not recycle.
77. On 18 April, the Royal Town Planning Institute (RTPI) [released a](#) response to Transport for the North's (TfN) consultation on their draft Strategic Transport Plan warning that local authorities must be involved in transport planning in the north of England to ensure that increased connectivity delivers sustainable growth.
78. On 19 April, the Welsh Local Government Association (WLGA) [submitted a report](#) showing that the funding gap in Welsh social services is expected to increase by three-and-a-half times by 2020 - 2021.
79. On 19 April, the Local Government Association (LGA) [urged the Government](#) to reverse cuts to public health budgets in the wake of figures that revealed that a third of all deaths are preventable.
80. On 23 April, Capita – the outsourcing company responsible for providing services to local authorities throughout the UK – [reported losses](#) of more than £500 million.
81. On 23 April, the Court of Appeal [ruled that](#) Nottingham City Council was wrong to impose a freeze on incremental pay rises. The council decided to stop paying the annual increases in April 2011 to save money.

Conclusion

82. The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Accounts Commission
2 May 2018

MEETING: 10 MAY 2018

REPORT BY: SECRETARY TO THE COMMISSION

COMMISSION ANNUAL REPORT 2017/18

Purpose

1. This report proposes for publication the content of the Commission's annual report 2017/18.

Background

2. Each year, the Commission publishes its annual report and its complementary annual action plan progress report.

Annual report and annual action plan progress report

3. The content of the proposed annual report is attached in the **Appendix**. It is set out in an indicative design, which will be refined further.
4. In a change from recent years, the annual action plan progress report, which previously was published as a separate publication, is included in the same publication. This makes it easier for the reader to cross-check the detail behind the progress reported in the annual report.
5. The Commission's views on the draft are sought.

Publication arrangements

6. It is proposed that the annual report be published on 7 June 2018. A series of Commission strategic documents is being published on that day, thus:
 - Annual report 2017/18
 - Strategy 2018/23 (on today's agenda)
 - Engagement plan 2017/18 progress report (on today's agenda)
 - Engagement strategy and plan 2018/23 (on today's agenda)

Conclusion

7. The Commission is invited to consider and approve the attached annual report.

Paul Reilly
Secretary to the Commission
4 May 2018

Annual report



Who we are

The Accounts Commission is the public spending watchdog for local government. We use our powers to hold local government to account and help it improve, and we assure the public about the performance of their council. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use their resources and provide their services.

We ensure that councils publish the right information to enable citizens to assess their council's performance both over time and in comparison with similar councils.

We were established in 1975 'to secure the audit of all councils in Scotland and to undertake and promote comparative studies to improve the economy, efficiency and effectiveness in how councils provide services'. Since our establishment, our remit has been extended by the Scottish Government:

- In 2003, we were given the responsibility to audit councils' duty of Best Value and community planning.
- In 2008, we were asked to take on a coordinating role to support the delivery – in conjunction with our scrutiny partners – of better aligned and more proportionate and risk-based scrutiny of local government.
- In 2012, we were asked to develop an audit framework designed to strengthen the accountability of Community Planning Partnerships and support their improved performance.
- In 2013, we were given the responsibility to audit health and social care integration joint boards (including the duty of Best Value).

The Controller of Audit reports to the Commission on the audit of local government. The post is independent and is established by statute.

The Commission delivers public audit in Scotland along with the Auditor General who audits the remainder of the public sector in Scotland. Audit Scotland was created in 2000 to provide services to the Commission and to the Auditor General.

We have jointly published with the Auditor General and Audit Scotland Public audit in Scotland, which sets out the principles and themes of public audit and how it fits with and responds to the public policy environment in Scotland in which we operate.

You can find out more about our role, powers and meetings on the Accounts Commission web pages.

Our year

April 2017

Reshaping care for older people – Impact report
May 2016



School education – Impact report and Scrutiny supplement
May 2016

South Ayrshire Council: Best Value audit report
June 2016



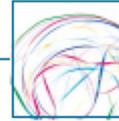
Maintaining Scotland's roads: a follow-up report
August 2016

Social work in Scotland
September 2016



Angus Council: Best Value audit report
October 2016

Borrowing and treasury management in councils – Impact report
November 2016



Roles and working relationships in councils: are you still getting it right?
November 2016

Local government in Scotland: Financial overview 2015/16
November 2016



Falkirk Council: Best Value audit report
December 2016

East Dunbartonshire Council: Best Value audit report
December 2016



Local government in Scotland: Performance and challenges 2017
March 2017

31 March 2018

To be updated

Contents

Chair's foreword

Making scrutiny clearer

Our national work

Best Value in councils

Local work

Ensuring quality in our work

Working with others

Chair's foreword

Local government has rarely been out of the spotlight over the last year.

Councils are doing a difficult job as they cope with rising demand on services with fewer available resources.

The Commission continues to fulfil its dual role as the public's independent watchdog, providing assurance that public money is well spent, as well as encouraging improvement.

It has been a particularly busy year for us – publishing 14 local and national reports.

We have extended our scrutiny focus in Best Value, examining how individual councils are providing best value in what they do. The feedback we have had so far has been positive.

I was privileged to be appointed Commission chair in November 2017. I am very grateful to my fellow Commission members for their support throughout the year, particularly to Ronnie Hinds who took on the role of acting chair following the untimely death of Douglas Sinclair.

I also offer my thanks to Christine May whose term of office ended in March for her lively and insightful contributions to our work over eight years' service.

This is an exciting and challenging time for Commission as the public sector embraces new ways of working with an increased emphasis on prevention and outcomes to benefit local communities.

I want the Commission to be at the centre of this agenda over the coming year, working with other scrutiny bodies and partners to provide robust assurance for the public.

Increasing scrutiny's profile

A key priority for us to help the public scrutinise their own councils. Much more is being done to make scrutiny of public services easier both for local residents and the councils that serve them.

We continue to use new formats to help this, such as short videos explaining how to access early learning and childcare, and graphics to highlight key points from our reports.

We also provide check lists for councillors and interactive tools which people can use to understand the data beneath our reports and quickly identify the precise information they need. Our Local Government Financial Overview, for example, has checklists for councillors, a breakdown of pension schemes, and the means for people to compare with other councils at the click of a mouse.

Top download data to follow here in graphic form

The Commission has a statutory responsibility to define the performance information that councils publish. We encourage councils to be creative in how they present their performance to their communities.

Over the last ten years we have worked with councils to improve the information that they use to improve and to help report performance, much of which is now presented in the Local Government Benchmarking Framework ([hyperlink here](#)).

The Commission is encouraged at the progress by the framework in helping councils improve and report their performance to the public in clear and accessible ways. This also fits in with the aim of the new Community Empowerment Act to strengthen the voice and increase the profile of communities in how their councils are run.

This year, we have increased the local promotion of our individual council reports. We have directly targeted local community groups with information on these reports. We are pleased to report a significant increase in the downloads of our local (and indeed national) audit reports.

Our national work

We published our two flagship overview reports as well as three national reports: on equal pay in councils and two jointly with the Auditor General, on self-directed support and early learning and childcare. Each of these reports attracted considerable public interest, and in Parliament, voluntary bodies, charities and beyond.

Local government financial overview (November 2017)

The first part of our flagship overview report highlighted the continuing spending squeeze on councils. Around two thirds of their income comes from the Scottish Government and this fell 5.2 per cent compared to the previous year,

More resources are being directed to national priorities such as education which means deeper cuts in other services such as culture, planning and development, and roads.

Council tax provides just 14 per cent of councils' income. The report notes that if all councils chose to raise council tax by three per cent, it would yield an estimated £68 million - broadly comparable to a one per cent pay rise for staff.

Some councils could risk running out of general fund reserves within two or three years if they continue to draw on them at current levels.

Local government in Scotland: Challenges and performance 2018

Our second report found that finding savings is now increasingly critical for councils dealing with ongoing reductions in funding.

Councils are balancing a real terms funding cut of 9.6 per cent over the last eight years with increasing demand, particularly from a growing older population.

Some councils have maintained or improved their performance in a number of areas despite budget reductions. For example, councils are spending less on secondary schools but pupils from all backgrounds are performing better. Other

evidence suggests however that budget cuts are having a negative impact, with public satisfaction falling in areas such as refuse collection, street cleaning and libraries;

Some services have borne the brunt of funding reductions, for example, planning department and environmental staff numbers have fallen. Without service redesign or policy changes councils could be spending nearly 80 per cent of their budgets on education and social work alone by 2025/26.

Self-directed support (August 2017)

This followed up a previous report on this new care model which offers people more choice and control over their social care.

The report found that self-directed support was not yet achieving its full potential. Whilst many have benefitted from self-directed support, health and social care integration boards have a lot to do to provide this for everyone.

Most people rate social care services highly and the majority of staff are positive about the principles of self-directed support. On the ground, however, not everyone is getting to choose and control their social care the way they want to and staff need more support to try new approaches.

Equal pay in councils (September 2017)

This reported on the longstanding issue of female workers being underpaid compared to men. It examined how effectively councils have implemented the 1999 Single Status Agreement to harmonise pay structures.

Since 2004, around 70,000 equal pay claims have been lodged against councils. The cost of compensation agreements and settling claims, along with legal fees, amounts to around £750 million. There are nearly 27,000 outstanding claims and new ones could still be made.

The report found that implementing the agreement was a costly and complex process, and councils underestimated the challenges involved. The 2004 deadline for implementation was missed by 31 out of 32 local authorities and it took more than a decade - twice as long as planned - for all councils to do this.

Councils received no extra funding to apply new pay structures. There had been a lack of collective national leadership to overcome challenges and address equal pay issues in a timely way.

Early learning and childcare (February 2018)

This was a completely new audit topic for us. It revealed significant risks for the Scottish Government's ambition to double early learning and childcare hours by August 2020.

Councils are preparing to provide 1,140 funded hours for all three and four-year-olds -- and eligible two-year-olds -- to improve outcomes for children and to support parents to work, study or train.

Providing those hours will require a large increase in the number of childcare staff and changes to premises. This will be difficult to achieve in the time available. Detailed planning by the government should have been started earlier and there was also a considerable gap between what local councils and the Scottish Government expect the policy to cost.

Best Value in councils

Last year we embarked on a significant change in our core work.

A new approach to auditing Best Value was introduced after extensive consultation with the wider local government community. We want these reports to help residents to be better informed and more involved in shaping the key services that they rely on, and to help councils improve.

A focus on Best Value will now see a Best Value Assurance Report (BVAR) on every council in a five-year cycle, and assessments of Best Value are now also an integral part of the annual audits we carry out on all councils.

Best Value means getting the most out of every pound spent. Councils have had a legal duty since 2003 to demonstrate Best Value and continuous improvement in what they do.

But a lot has changed since then. Local government has become much more complex with developments such as arm's length bodies (ALEOs) to run services and joint boards for health and social care. Although the principles of Best Value remain as valid and relevant as ever, they needed refreshing.

The new BVARs aim to provide:

- a far more detailed and rounded insight for local people into how their council is performing – where it's doing well and where it needs to improve
- a more regular spotlight – at least once every five years for every council – looking beyond balance sheets to issues such as leadership, governance and performance
- a key foundation to help councils shape and improve services and build a picture of good practice across councils to drive improvement

The first BVAR was on Inverclyde Council, followed by Renfrewshire, East Renfrewshire, West Lothian, Orkney and Clackmannanshire.

We commissioned a review and independent research on the first six BVARs. This found that, in general, councils felt the reports were fair and balanced, although the audit experience was more varied.

Six more BVARs are planned this year: Dumfries and Galloway, East Ayrshire, East Lothian, Fife, Glasgow and West Dunbartonshire councils.

Reporting on councils

We published ten reports on local councils in 2017/18. Six were new Best Value Assurance Reports; two were follow-ups to previous audits; and two were statutory reports highlighting areas of wider concern.

Best Value Assurance Reports

Inverclyde (June 2017) has made much progress since a previous report in 2005 which identified serious failings at the council. It has changed significantly, developing a positive culture of improvement which has resulted in better service performance. However, the council still faces big challenges and needs to maintain this positive momentum.

Renfrewshire (August 2017) started from a strong base – its last report in 2006 highlighted strong and effective leadership. Improvements have been made since then in the way it plans, manages and carries out its business. The Commission urged councillors to make new scrutiny arrangements work, ensure more constructive political arrangements and make better use of training and development opportunities.

East Renfrewshire (November 2017) remains a high performing council but councillors need to be more prominent in dealing with tough challenges ahead. The council's clear vision and priorities are well supported by its councillors and officers. School education is a particular strength but performance in other areas is more varied.

West Lothian (November 2017) has a similar conclusion – a good performing council which is reflected in improving services for local people. However, councillors need to play a more active role in responding to a major funding gap and also in scrutiny of policy priorities and performance.

Orkney Islands Council (December 2017) is the smallest of Scotland's 32 councils. Councillors and officers work well together in providing effective leadership. The council is in a strong financial position and a focus on the differing needs of communities across the islands. It has to ensure robust, longer

term financial plans are in place to meet changing need, particularly for a growing elderly population.

Clackmannanshire (January 2018), the smallest mainland council, prompted concern from the Commission: it must take urgent and decisive action to sort out its financial problems, Councillors and officers need to work together and bring in external support to make difficult decisions which have been put off in the past.

Best Value follow up reports

East Dunbartonshire (November 2017) has responded positively to previous concerns but needs to maintain momentum. Improvements have been made in key areas such as leadership of the transformational change programme and in financial management, but in other areas it remains too early to judge.

Falkirk (February 2018) has also made encouraging progress over the previous year. Effective leadership is now needed to steer its five-year improvement programme and meet savings targets.

Statutory reports

The Commission also used its powers to publish two reports (March 2018) bringing serious issues of wider concern to all councils. These related to a £1 million fraud at **Dundee Council (March 2018)** and poor building controls which resulted in a school wall collapsing in **Edinburgh (April 2018)**.

Ensuring quality in our work

It is important in our role of providing assurance to the public that our work is based on robust evidence and is of high quality.

We want to ensure that we continuously improve our own work by reviewing our working practices and the quality of our reports.

Audit Scotland monitors the quality of all audit work on our behalf and reports to us, in turn allowing us to provide assurance to the public. This year we revised our approach to provide more robustness and transparency to this approach, including a new independent team now reporting to us.

In its report, the team reported its finding that:

“There is strong evidence of satisfactory compliance with auditing standards and the Code of Audit Practice and overall good levels of other evidence of audit quality with some limited improvements required”.

The team has also identified areas to further improve the quality of audit, namely:

- raising the standard of audit documents
- encouraging auditors to be clearer in showing how they are adding value
- ensuring ethical and independence disclosures are made in Annual Audit reports
- addressing feedback from audited bodies in how audit staff are deployed, efficient practice, and demonstrating their understanding of the organisation
- greater clarity in the expected standards to be achieved

We feel that this is a robust assessment of the quality of the audit work, and also sets out how we can improve further. We will continue to report on progress in future years.

Working with others

We greatly value our independence and integrity. At the same time, we are also part of the wider local government community sharing a common purpose to improve services for the people of Scotland.

We value the work of our principal partners, the Auditor General and Audit Scotland; accountancy firms managing some of our audits; and other scrutiny bodies in helping us make progress throughout the year.

We consulted with councils and trade unions on our annually refreshed work programme. We met regularly with councils through COSLA (the Convention of Scottish Local Authorities) and SOLACE (the Society of Local Authority Chief Executives). We also ensure regular liaison with the local government Improvement Service.

Our work with scrutiny partners in improving our scrutiny of councils is a constant endeavour. Auditors and scrutiny partners convene at local level for every council area. We also meet with scrutiny partners at a national level. This results in the publishing of 32 local area scrutiny plans and a national scrutiny plan.

It is important to us that the chair and Commission members discuss our reports in meetings with individual councils. Direct feedback and exchange of views provide insight for us as well as councils, particularly with the new Best Value Assurance reports where we met all the councils involved after publication.

The Commission provided briefings on its overview reports to the Parliament's Local Government and Regeneration Committee in May and November.

Our reports help inform debate on current and future policy. Commission members and our auditors gave presentations at related conferences and seminars.

Our members

The Commission currently has ten members...

To be updated.



Ronnie Hinds

Acting chair

Register of interests



Alan Campbell

Register of interests



Sandy Cumming

Register of interests



Sophie Flemig

Register of interests



Sheila Gunn

Register of interests



Christine May

Acting deputy chair

Register of interests



Tim McKay

Register of interests



Stephen Moore

Register of interests



Graham Sharp

Register of interests



Pauline Weetman

Register of interests



Geraldine Wooley

Register of interests

Secretary to the Accounts Commission



Paul Reilly

Progress report

Action plan 2017/18



Action plan 2017/18



Progress report

ACCOUNTS COMMISSION 

Key to progress:

Complete: This action has been completed

Complete and continuing: While an action has been completed, it continues as part of further ongoing activity

Continuing: This action has started but will require further input from the Commission.

Action	Progress at end March 2017
Overview reports	
<p>Publish our overview reports and look at ways of enhancing their effectiveness and profile, including more direct engagement with councils on our reports</p>	<p>Complete</p> <p>We published two overview reports:</p> <ul style="list-style-type: none"> Local government in Scotland: Financial Overview 2015/16 was approved at our meeting on 9 November 2017 and published on 28 November. <p>The report was presented by the Deputy Chair of the Commission to the Scottish Parliament's Local Government and Communities Committee on 29 November as part of its scrutiny of the Scottish budget. The report has been downloaded 2958 times and the podcast 38 times.</p> <ul style="list-style-type: none"> The 2017 Local Government Overview was approved in draft by the Commission at its meeting on 8 March and published on 5 April. The report has been downloaded 1393 times so far and the podcast 45 times.
Taking the audit forward by:	
<p>Reporting on progress against previous Best Value audit work in:</p> <ul style="list-style-type: none"> East Dunbartonshire Council Falkirk Council. 	<p>Complete</p> <p>We published findings on the follow-up audit of East Dunbartonshire Council on 16 November 2017.</p> <p>We published findings on the follow-up audit of Falkirk Council on 1 February 2018.</p>

Action	Progress at end March 2017
<p>Reporting a schedule of Best Value Assurance Reports:</p> <ul style="list-style-type: none"> • Inverclyde Council • Renfrewshire Council • East Renfrewshire Council • West Lothian Council • Orkney Islands Council • Clackmannanshire Council 	<p>Complete</p> <p>We published findings on the audits as follows:</p> <ul style="list-style-type: none"> • Inverclyde: 1 June 2017 • Renfrewshire: 31 August 2017 • East Renfrewshire: 7 November 2017 • West Lothian: 23 November 2017 • Orkney: 14 December 2017 • Clackmannanshire: 25 January 2018. <p>All audits had a local promotion strategy involving targeted promotion in the local area, including targeting local press, a special e-bulletin sent to local communities, and a poster for display in local community facilities.</p>
<p>On top of this, featuring assessments in relation to Best Value in all annual audit reports, reflecting our strategic audit priorities and risks and issues of specific relevance to each council.</p>	<p>Complete</p> <p>All annual audit reports contained such assessments, reported by the Controller of Audit to the Commission on 8 February 2018 in his Annual Assurance and Risks Report, which we endorsed.</p>
<p>Continuing to contribute to a review and update of the characteristics of Best Value being led by the Scottish Government and councils, including ensuring that it reflects our expectations.</p>	<p>Continuing</p> <p>The Scottish Government and COSLA continue with this review.</p>
<p>Undertake national performance audits on:</p>	
<p>Self-directed support (progress report)</p>	<p>Complete</p> <p>We published Self-directed support: a progress report on 24 August 2017.</p> <p>The report has been downloaded 5647 times and the podcast 78 times.</p>
<p>Equal pay</p>	<p>Complete</p> <p>We published Equal pay in Scottish councils on 7 September 2017.</p> <p>The report has been downloaded 2318 times and the podcast 197 times.</p>
<p>Early learning and childcare</p>	<p>Complete</p> <p>We published Early learning and childcare on 15 February 2018.</p> <p>The report has been downloaded 2188 times and the podcast 101 times.</p>
<p>Arm's length external organisations</p>	<p>Complete</p> <p>We will publish this audit on 17 May 2018.</p>
<p>Children's mental health</p>	<p>Continuing</p> <p>We will publish this audit on 3 June 2018.</p>
<p>City and growth deals</p>	<p>Continuing</p> <p>We have rescheduled publishing this audit until 2019/20.</p>

Action	Progress at end March 2017
Health and social care integration (part 2)	Continuing We will publish this audit during 2018/19.
Report the impact of previous performance audits on:	
Roads maintenance	Continuing We will publish this report during 2018.
Social work	Continuing We will publish this report during 2018.
Follow the public pound by:	
Undertaking the performance audits on arm's-length external organisations; City and growth deals; and health and social care integration	As above.
Considering the issues arising from the annual audits of integration joint boards	Complete The Commission received an update on health and social care integration at its meeting on 7 December 2017 and will publish a performance audit during 2018/19.
Ensuring, in our national performance audits, reflection of councils' leadership roles in partnership working	Complete Our performance audits on self-directed support and early learning and childcare had specific recommendations for councils in taking forward working with partners.
Continuing to work with our strategic scrutiny partners:	
Publish a National Scrutiny Plan and local scrutiny plans for all councils	Complete and continuing The National Scrutiny Plan for Local Government 2018/19 and 32 local scrutiny plans were published on 4 April 2018.
Reflect the interests of the citizen, service user and communities in:	
The scoping of all of our performance audit work	Complete and continuing Our performance audits on self-directed support, early learning and childcare and children's mental health had significant elements reporting on service user experience.
Our Best Value Assurance Reports	Complete and continuing All of our Best Value Assurance Reports referred to customer and citizens' views of council performance.
Our joint work with our scrutiny partners	Complete and continuing The Strategic Scrutiny Group is taking forward a specific initiative to develop a scrutiny approach across scrutiny partners to community empowerment.

Action	Progress at end March 2017
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Promote good practice and innovation by:	
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Ensuring that every performance audit: <ul style="list-style-type: none">contains practical advice for elected members and officersmakes background data available for use by councils and citizens	<p>Complete and continuing</p> <p>All of our published performance audits and overview reports have fulfilled this objective. Examples are:</p> <ul style="list-style-type: none">Our report Local government in Scotland: Financial overview 2016/17 has two supplements: a self-assessment checklist for councillors and detailed analysis of the Local Government Pension Scheme. Our website contains an interactive graphic comparing financial data of individual councils. There is also a spreadsheet setting out information from our database of unaudited accounts.Our national performance audit on early learning and childcare was accompanied by a supplement reporting on the direct experiences of parents. We also produced a video and parents' guide, as well as making background data available on our website.Our national performance audit on progress with self-directed support had a substantial checklist for councillors, as well as a case study supplement and compendium of background data.
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Ensuring we better identify, promote and share good practice from across our audit work.	<p>Complete and continuing</p> <p>All of our published performance audits and overview reports have fulfilled this objective.</p> <p>Our website includes a hub of resources around transforming health and social care, including: exhibits that visualise complex data and processes in an accessible and informative way; a compendium of published reports and scopes for forthcoming work; background data; blogs; reports on work around sharing intelligence among scrutiny bodies; case studies of new models of health and social care; and annual audits of health and social care organisations.</p>
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Commission publications 2017/18

Publication	Date to Commission meeting	Publication date	Notes
Overview reports			
Local government in Scotland: financial overview 2016/17	9 Nov 2017	28 Nov 2017	Report downloads: 2958 Podcast downloads: 38
Local government: performance and challenges 2018	9 Mar 2017	5 Apr 2017	Report downloads: (to be updated) Podcast downloads:
Best Value Assurance Reports			
Inverclyde Council	11 May 2017	1 Jun 2017	Report downloads: 1980 Podcast downloads: 307
Renfrewshire Council	10 Aug 2017	31 Aug 2017	Report downloads: 2336 Podcast downloads: <100
East Renfrewshire Council	12 Oct 2017	7 Nov 2017	Report downloads: 1607 Podcast downloads: 158
West Lothian Council	9 Nov 2017	23 Nov 2017	Report downloads: 1274 Podcast downloads: 94
Orkney Islands Council	7 Dec 2017	14 Dec 2017	Report downloads: 1140 Podcast downloads: <100
Clackmannanshire Council	11 Jan 2018	25 Jan 2018	Report downloads: 1732 Podcast downloads: <100
Best Value follow-up reports			
East Dunbartonshire Council	9 Nov 2017	16 Nov 2017	Report downloads: 782 Podcast downloads: 79
Falkirk Council	11 Jan 2018	1 Feb 2018	Report downloads: 1412 Podcast downloads: 36
Statutory reports			
Dundee City Council	8 Mar 2018	22 Mar 2018	Report downloads: 782 Podcast downloads: 79
Edinburgh City Council	8 Mar 2018	3 Apr 2018	Report downloads: 1412 Podcast downloads: 36
Performance audits			
Self-directed support: 2017 progress report	8 Jun 2017	24 Aug 2017	Report downloads: 5647 Podcast downloads: 78
Equal pay in Scottish councils	10 Aug 2017	31 Aug 2017	Report downloads: 2318 Podcast downloads: 197
Early learning and childcare	7 Dec 2017	15 Feb 2018	Report downloads: 2188 Podcast downloads: 78

Publication	Date to Commission meeting	Publication date	Notes
Other publications			
Annual report 2016/17	13 Apr 2017	25 May 2017	Downloads: 1162
Engagement plan 2016/17: Progress report	13 Apr 2017	25 May 2017	Downloads: 247
Action plan 2016-17: Progress report	13 Apr 2017	25 May 2017	Downloads: 273
Strategy and annual action plan 2017-22	13 Apr 2017	25 May 2017	Downloads: 994
Engagement strategy and engagement plan 2016/17	13 Apr 2017	25 May 2017	Downloads: 247

All figures as at (date)

Annual report

2017/18

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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ACCOUNTS COMMISSION 

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MEETING: 10 MAY 2018

REPORT BY: SECRETARY TO COMMISSION

DRAFT COMMISSION STRATEGY UPDATE

Purpose

1. This report proposes a revised Commission Strategy 2018-23.

Background

2. The Commission has in place a five-year rolling Strategy, updated annually. Part of the Strategy is an annual action plan, setting out detailed commitments, against which the Commission reports annual progress. This year's Strategy and action plan, covering the year to 31 March 2018, was published on 25 May 2017.
3. The Commission's annual report, reviewing progress against last year's Strategy and action plan, are elsewhere on today's agenda.

Strategy Seminar

4. The Commission uses its Strategy Seminar to consider how it may wish to update or revise its Strategy and action plan.
5. In a private session prior to the last Commission meeting on 12 April, members considered outputs from this year's Strategy Seminar, which took place in March. Outputs from the event indicated members' view that only limited refining of the Strategy is required this year, although members did discuss in particular refining the Commission's strategic audit priorities.

Revised Strategy

6. A proposed revised strategy is set out in the Appendix.
7. The Commission is therefore asked to consider this revised Strategy and accompanying annual action plan as the basis for our work in the coming year and beyond.

Next steps

8. It is proposed that the revised Strategy be published on 7 June 2018, alongside a revised Engagement strategy and plan 2018/23 (elsewhere on today's agenda) which complements the Strategy. A range of other documents reporting the Commission's progress over the past year are also to be published on 7 June, namely the annual report 2017/18 (incorporating an annual action plan progress report) and the progress report for last year's Engagement plan.
9. It is proposed that publication will be accompanied by a letter from the Chair to all councillors in Scotland. The Chair will also write to council chief executives and other significant stakeholders, including ministers and MSPs.
10. The Strategy will also form the basis of the series of engagement events between the Commission and council leaders and chief executives to take place in late summer.
11. Audit Scotland will consider the revised Strategy in planning its work.

12. The revised Strategy will also form a basis of the Commission's Mid-Year Strategy Seminar in the Autumn.

Conclusion

13. The Commission is invited to.

- a) Consider for publication the draft revised Commission Strategy 2018/23.
- b) Agree publication arrangements and next steps for the Strategy.

Paul Reilly
Secretary to the Commission
4 May 2018

Strategy and annual action plan

2018-23



2018–23

Who we are

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You can find out more about our role, powers and meetings on the Accounts Commission web pages.

Contents

Strategy and annual action plan	1
Context	
Our strategic audit priorities	
Our work	
Annual action plan	7

Context

It is our role to provide independent assurance to the public on the performance of each Scottish council. To do this, we ensure continuously that our work is responsive to the environment in which councils operate, which sees:

- reduced resources – public spending is likely to decline in real terms for the foreseeable future
- demographic change – Scotland's population is ageing which puts more pressure on services and resources
- increasing public expectations about the content, quality and delivery of public services, and how the public is involved in designing those services
- increasing empowerment of citizens and communities in their relationship with councils
- increasing flexibility in how local public services are delivered
- enhanced devolution and increased financial powers to the Scottish Parliament
- implementation of the referendum decision that the UK leave the European Union.

We acknowledge these factors place significant pressures on councils in their responsibilities to deliver high-quality services for service users and better outcomes and reduced inequalities for communities. We expect them to show how – through rigorous self-evaluation – they are making best use of their resources and continuously improving their performance in order to meet their statutory duty of Best Value.

Our strategic audit priorities

Our overriding aim is holding councils to account for their pace, depth and continuity of improvement facilitated by effective governance. It is for councils to make choices in where they focus their improvement work but they need to be able to show how they have arrived at such choices.

We will evaluate in our audit work how councils are demonstrating such improvement. In particular, we will use annual audit work and auditing Best Value to assess how councils are progressing in the following priority areas:

- Having clear priorities with a focus on outcomes, supported by effective long term planning.
- Demonstrating the effective appraisal of options for changing how services are delivered in line with their priorities.
- Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.
- Empowering local communities and involving them in the design and delivery of local services.
- Reporting their performance in a way that enhances accountability to citizens and communities, supporting the delivery of improved outcomes.

Our work

We will maintain a five-year rolling programme of work reflecting the following:



Ensuring that our **overview reporting** provides an assessment of the performance of local government that informs discussion and debate about the issues that it faces.



Taking forward our new approach to the **annual audit and auditing Best Value** to clearly set out the Best Value expectations of councils and report on councils' delivery of key public services and their use of public money.



Ensuring that our **national performance audit work** appropriately covers the key areas of public policy and is facilitating improvement in those areas.



Ensuring that our work **follows the public pound** by reporting upon the range of approaches that are used by councils in delivering services and improving communities.



In conjunction with our scrutiny partners, continuing to **coordinate the audit, inspection and regulation of local government** in Scotland.



Better reflecting the interests of the citizen, service user and communities in our work, including Best Value auditing, in performance audits and in our joint work with our scrutiny partners.



Promoting good practice and innovation in our work and making more effective use of data and analysis in our reports.

In taking this work forward, we will engage effectively and regularly on issues of mutual interest with our stakeholders including the Scottish Government, Parliament, councils, professional associations, trade unions and organisations representing the user, community, service and local government interests. Our [Engagement strategy and plan 2018/19](#) sets out how we will do this.

We will also ensure that we continuously improve our own work by reviewing our working practices and the quality of our reports. We will test and report on our performance and impact and consult regularly on this with our stakeholders.

Annual action plan

This action plan sets out how our work over the next 12 months will take forward our strategy. We will report progress at the end of that period. We will:



Publish our overview reports setting out our assessment of local government based upon all of our audit work.



Take the audit forward by:

- Reporting a schedule of Best Value Assurance Reports:
 - Dumfries and Galloway Council
 - East Ayrshire Council
 - East Lothian Council
 - Fife Council
 - Glasgow City Council
 - West Dunbartonshire Council.
- On top of this, featuring assessments in relation to Best Value in all annual audit reports, reflecting our strategic audit priorities and risks and issues of specific relevance to each council.
- Continuing to contribute to a review and update of the characteristics of Best Value being led by the Scottish Government and councils, including ensuring that it reflects our expectations.



Undertake national performance audits on:

- Children and young people's mental health
- Health and social care integration (part 2)
- Value for money of non-profit distributing models.

We will also ensure that our work reflects the policy environment in which local government operates by considering throughout the year a range of briefings and reports on specific policy matters.



Report the impact of our previous performance audits on:

- Community planning: an update
- Roads maintenance
- Social work.

**Follow the public pound by:**

- Undertaking a performance audit health and social care integration
- Reporting on the impact of our previous performance audit on community planning
- Considering the issues arising from the annual audits of integration joint boards
- Ensuring, in our national performance audits, reflection of councils' leadership roles in partnership working.

**Continue to work with our strategic scrutiny partners in coordinating and refining our approaches to scrutiny, audit and inspection and publish a National Scrutiny Plan and local scrutiny plans for all councils.****Reflect the interests of the citizen, service user and communities by:**

- reviewing our requirements of councils (in our statutory performance information Direction) to report performance to their citizens
- considering these interests in the scoping of all of our performance audit work
- reporting on these interests in our Best Value Assurance Reports
- developing with our scrutiny partners joint approaches to scrutinising community empowerment.

**Promote good practice and innovation by:**

- Ensuring that every performance audit:
 - contains practical advice for elected members and officers
 - makes background data available for use by councils and citizens.
-

Strategy

2018-23

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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ACCOUNTS COMMISSION 

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MEETING: 10 MAY 2019

REPORT BY: SECRETARY TO COMMISSION

COMMISSION ENGAGEMENT STRATEGY: PROGRESS REPORT AND UPDATE

Purpose

1. This paper presents a progress report against the Commission's Engagement Strategy, and a proposes a revised Engagement Plan for 2017/18.

Background

2. The Commission publishes a five-year rolling Engagement Strategy which is refreshed annually and incorporates an annual action plan, thus following the same model as the Commission's five-year rolling strategy and annual plan. The current Engagement Strategy was published on 25 May 2017.

Engagement Plan 2017/18 - progress

3. An update of progress against the Engagement Plan 2017/18 is in **Appendix 1**.
4. Highlights of the year include:
 - Planning of engagement events with all leaders and chief executives of councils, to take place in late summer 2018.
 - Implementing a more targeted approach to engaging with local stakeholders in relation to our Best Value Assurance Reports, with information sent to a wide range of community groups.
 - An excellent response to our consultation exercise around our work programme, with 21 councils and SOLACE all responding.
 - Encouraging levels of media interest and downloads across our published work, with particular significant improvements in numbers of downloads of our Best Value reports.

Strategy Seminar

5. At this year's Strategy Seminar, Commission members reached a view that they wish the Commission to continue to develop its varied engagement with stakeholders. In particular, members signalled a desire to:
 - Ensure better planning of opportunities for representation of Commission members at CIPFA, COSLA and SOLACE annual conferences
 - Ensure Commission members, particularly audit sponsors, are given more opportunity of presenting performance audit reports to appropriate conferences.
 - Ensure a schedule of meetings between Chair and relevant Parliamentary committee conveners and party representatives.
 - Explore opportunities for briefing committee members.

- Develop the Commission's social media presence, for example a Twitter account.
- Explore options for research on public expectations of the Commission and on public views and expectations of our reports.
- Expedite formal engagement between the new Chair and COSLA/SOLACE.
- Agree with the Auditor General an approach to formal and 'softer' dialogue with members.

6. These will be taken forward as part of the annual action plan.

Proposed revised Strategy and Plan

7. A revised Strategy and Plan is proposed in **Appendix 2**.
8. The proposed Engagement Strategy is intended to reflect the Commission's deliberations around its Strategy and at the Strategy Seminar. As such, therefore, there is no need for significant change from the previous Strategy. The annual plan incorporates much of the actions set out above.

Next steps

9. It is proposed that the updated Engagement Strategy and Plan be published on 7 June 2018, alongside a revised Commission Strategy 2018-23 (elsewhere on today's agenda) which complements the Engagement Strategy. The progress report for last year's Engagement Plan will also be published on that day.
10. It is proposed that publication will be accompanied by a letter from the Chair to significant stakeholders, including councils, ministers and MSPs.

Conclusion

11. The Commission is invited to approve for publication:
- a) The Engagement Plan 2017/18 progress report (Appendix 1)
 - b) The Engagement Strategy and Plan 2018-23.

Paul Reilly
Secretary to the Commission
4 May 2018

Engagement Plan 2017/18

Progress report



ACCOUNTS COMMISSION 

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
Our strategy and planning				
We will meet regularly with principal stakeholders to discuss our strategy and issues of mutual interest.	COSLA, SLGP, SOLACE, Scottish Government	Collaborate We will meet regularly with COSLA, SLGP, SOLACE and the Scottish Government.	Throughout the year	There were regular meetings between the Acting Chair, Chair and the Chief Executive of COSLA. The SOLACE Chair attended the Commission's Strategy Seminar in March 2018. Representatives of the Board of the Local Government Benchmarking Framework attended a meeting of the Commission on 12 April 2018.
We will publish our annual report and promote it among stakeholders.	All stakeholders	Inform	We will publish our annual report and promote it among stakeholders.	We published our annual report 2016/17 on 25 May 2017. We sent it to all council members and chief executives. A web-based version is available on the Commission website .

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
We will publish our annually revised strategy and annual action plan and promote it among stakeholders.	All stakeholders	Inform We will write to council leaders, chief executives and other stakeholders as appropriate. Specifically, we will write to all newly elected councillors to share with them our Strategy and set out how our work can be used by them.	We will publish our annually revised strategy and annual action plan and promote it among stakeholders.	We published our strategy and action plan 2017/18 on 25 May 2017. It was sent to all council members and chief executives. We are still progressing video-based presentations of our strategic documents.
	All stakeholders	Inform and consult We will meet council leaders and chief executives to discuss our overview reports and strategy		A series of meetings is to take place in summer 2018.
We will publish our engagement strategy and promote it among stakeholders.	All stakeholders	Inform	We will publish our engagement strategy and promote it among stakeholders.	We published our engagement strategy 2017/18 on 25 May 2017 It was sent to all council members and chief executives. A web-based version is available on the Commission website. We are still progressing video-based presentations of our strategic documents.
We will review with stakeholders the progress of our approach to auditing Best Value.	Local Government	Inform and consult We will meet with councils, COSLA, SLGP and SOLACE to review progress.	Spring 2018	We reviewed our approach in February 2018. The review included feedback from local government stakeholders.
	Scottish Government	Collaborate We will work with the Scottish Government and local government to promote refreshed Best Value statutory guidance.	Autumn 2017	The Scottish Government convened working group with COSLA to refresh the Best Value statutory guidance remains ongoing.

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
Our audit work				
We will consult stakeholders on our draft work programme.	Local government	<p>Inform and consult</p> <p>We will meet with COSLA, SLGP and SOLACE to seek their views on our proposals.</p> <p>We will write to council leaders, chief executives and chairs of audit and scrutiny committees seeking their views on the draft programme.</p>	Early 2018	We consulted with all local government stakeholders in January 2018. The Commission considered all comments in agreeing its work programme at its March 2018 meeting. We subsequently wrote to all stakeholders replying individually to the comments they made.
	Local government trades unions	<p>Inform and consult</p> <p>We will write to local government trades unions seeking their views on the draft programme.</p>		We included all local government trade unions in our January 2018 consultation.
	All stakeholders	<p>Inform</p> <p>We will share our performance audit programme by publishing it on our website and through social media.</p>	Spring 2018	We launched our refreshed work programme on our website in April 2018, accompanied by social media publicity.
We will explore with stakeholders how to develop our audit work to ensure that we are effectively reflecting the policy environment	All stakeholders	<p>Collaborate</p> <p>We will use innovative ways of discussing issues with stakeholders, such as policy 'round table' events.</p> <p>We will meet council officers and professional bodies to learn more about the issues facing them in fulfilling their responsibilities.</p>	Ongoing	<p>We are making increased use of the 'round table' approach, including an education round table on 2 February 2018.</p> <p>We also participate in an Equality and Human Rights Advisory Group established by Audit Scotland, involving a range of equalities groups and various communities.</p> <p>Each of our performance audits has an advisory group consisting of appropriate stakeholders.</p>
We will review with those carrying out audit work how they are developing and improving the work	Audit Scotland and private firms	<p>Collaborate</p> <p>We will, through our Financial Audit and Assurance Committee, discuss with Audit Scotland and private firms issues arising from their audit work.</p>	Ongoing	Our Financial Audit and Assurance Committee has met with auditors from Audit Scotland and the private audit firms throughout the year.

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
<p>We will publish our overview reports, performance audit reports and action plans and promote their key messages and themes (dates to be confirmed):</p> <ul style="list-style-type: none"> • Local government financial overview (Autumn 2017) • Local gov't overview (Spring 2018) • Self directed support progress (Aug 2017) • Equal pay (September 2017) • Early learning and childcare (late 2017) • Arm's length external org'ns (early 2018) • Children's mental health (early 2018) • City and growth deals (mid 2018) • Health and social care integration part 2 (mid 2018) 	<p>Citizens</p>	<p>Inform</p> <p>We will publish our reports and podcasts on our website.</p> <p>We will encourage the press and media to raise awareness of our reports through press releases and other social media.</p>	<p>Ongoing</p>	<p>Local government in Scotland: Financial Overview 2016/17 was published on 28 November.</p> <p>Local government: performance and challenges 2017 was published on 5 April.</p> <p>We published the following performance audits:</p> <ul style="list-style-type: none"> • Self-directed support: a progress report on 24 August 2017 • Equal pay in Scottish councils on 7 September 2017 • Early learning and childcare on 15 February 2018 • Arm's length external organisations on 17 May 2018 • Children's mental health in summer 2018 • City and growth deals in 2018/19 • Health and social care integration part 2 in 2018/19. <p>All received extensive press coverage and response from local government, government and political parties. All are available on our website.</p>
<ul style="list-style-type: none"> • Children's mental health (early 2018) • City and growth deals (mid 2018) • Health and social care integration part 2 (mid 2018) 	<p>Local government (including the new joint health and social care boards for appropriate audits)</p>	<p>Collaborate</p> <p>We will meet with councils to discuss the messages from our overview reports</p>	<p>Spring 2018</p>	<p>We will be meeting councils in summer 2018.</p>

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
	Local government (including the new joint health and social care boards for appropriate audits) Scrutiny partners	<p>Inform and consult</p> <p>We will write to council leaders and chief executives (and chairs of audit and scrutiny committees as appropriate) promoting key messages and themes.</p> <p>We will hold learning events and promote learning materials as appropriate.</p> <p>We will offer for audit teams to visit councils to promote our reports at meetings as appropriate, particularly, for example, where a report includes checklists for members or officers.</p>	Ongoing	All overview reports and performance audits were shared directly with councils.
		<p>Inform, consult and collaborate</p> <p>We will write to or email our partners to promote key messages and themes and to discuss implications of our reports on strategic scrutiny.</p> <p>We will discuss with scrutiny partners developing learning materials as appropriate.</p>		Published overview reports and performance audits were shared with scrutiny partners and discussed by the Strategic Scrutiny Group as part of its input into our joint work programme.
	Professional bodies as appropriate	<p>Inform and consult</p> <p>We will share our reports with appropriate professional bodies and discuss their implications.</p>		Published overview reports and performance audits were shared with appropriate professional bodies. Such bodies are represented on an advisory group for each performance audit.
	Press and media	<p>Inform</p> <p>We will produce press releases and respond to press enquiries on our reports.</p>		All of our published reports received extensive press coverage. Further details are available in our annual action plan progress report [hyperlink] .
	Scottish Government	<p>Inform</p> <p>We will write as appropriate to ministers with any recommendations in our reports.</p>		Our published overview reports and performance audits were shared with Scottish Government.

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
	Scottish Parliament	<p>Inform</p> <p>We will share our reports with Parliamentary committees and brief them, particularly the Local Government and Regeneration Committee and the Public Audit Committee.</p> <p>We will issue our reports to all MSPs.</p>		<p>We briefed the Local Government and Communities Committee on the following:</p> <p>Local government overview 2017: 31 May 2017</p> <p>Local government in Scotland: Financial Overview 2016/17: 29 November 2017.</p> <p>The Auditor General and Audit Scotland's Director of Performance Audit and Best Value respectively briefed the Public Audit and Post-Legislative Scrutiny Committee on our joint reports <i>Self-directed support</i> (28 October 2017 and 8 February 2018) and <i>Early learning and childcare</i> (8 March 2018).</p> <p>Our published overview reports and performance audits were shared with all MSPs.</p>
	Citizens and communities	<p>Inform</p> <p>We will discuss our reports in public, publish our reports and podcasts on our website and encourage the press and media to raise awareness of our reports.</p> <p>We will share our reports with local communities and third sector groups.</p>	Ongoing	<p>All reports and accompanying podcasts are available on our website.</p> <p>All reports received good press coverage. Further details are available in our annual action plan progress report.</p>

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
<p>We will publish reports from our auditing of Best Value:</p> <ul style="list-style-type: none"> • Inverclyde Council (June 2017) • Renfrewshire Council (August 2017) • East Renfrewshire Council (October 2017) • West Lothian Council (November 2017) • Orkney Islands Council (December 2017) • Clackmannanshire Council (January 2018) • East Dunbartonshire Council (progress report) (November 2017) • Falkirk Council (progress report) (January 2018) 	<p>Local government including the new joint health and social care boards (for appropriate audits)</p> <hr/> <p>Scrutiny partners</p> <hr/> <p>Professional bodies as appropriate</p> <hr/> <p>Press and media</p>	<p>Inform and consult</p> <p>We will write to the relevant council leader and chief executive setting out the Commission's findings in relation to the report.</p> <p>We will seek a meeting with the relevant council leaders to discuss the report.</p> <hr/> <p>Inform, consult and collaborate</p> <p>We will share our reports with scrutiny partners.</p> <hr/> <p>Inform and consult</p> <p>We will share our reports with professional bodies.</p> <hr/> <p>Inform</p> <p>We produce press releases and podcasts and take part in interviews.</p>	<p>When we will engage</p>	<p>Our Best Value reports were published as follows:</p> <ul style="list-style-type: none"> • Inverclyde: 1 June 2017 • Renfrewshire: 31 August 2017 • East Renfrewshire: 7 November 2017 • West Lothian: 23 November 2017 • Orkney: 14 December 2017 • Clackmannanshire: 25 January 2018 • East Dunbartonshire: 16 November 2017 • Falkirk: 1 February 2018 <p>We sent our published Best Value reports to the relevant council leader and chief executive.</p> <p>For each of the reports, we met with the political leaders and senior officers of the council.</p> <hr/> <p>We shared our published Best Value reports with each scrutiny partner.</p> <p>Each report was also considered by our local area network for each council area, consisting of scrutiny partners.</p> <hr/> <p>We shared our published Best Value reports with a range of professional bodies.</p> <hr/> <p>All reports received good press coverage and good download numbers. In particular, Best Value reports saw a significant increase in download numbers from previous reports. Further details are available in our annual action plan progress report.</p>

What we will engage about	Who we will engage with	How we will engage	When we will engage	Progress at end March 2018
Other activities				
We will engage with stakeholders on our Shared Risk Assessment process.	Scrutiny partners	Inform, consult and collaborate We will review the process with our scrutiny partners through meetings of the Strategic Scrutiny Group.	Autumns 2017	A revised process was put in place. 32 local scrutiny plans and a national scrutiny plan were published on 4 April 2018.
We will increase the accessibility of our meetings.	All stakeholders	Inform We will investigate webcasting meetings from our new premises. We will use social media to make our meetings more accessible	By end of 2016	We continue to progress this commitment, for example, using Twitter to publicise our meetings and business.

Engagement strategy

and engagement plan 2018/19



2018/19

Introduction

The Accounts Commission and its partners

The Accounts Commission is the public spending watchdog for local government. We are an independent public body appointed by ministers to hold local government to account. Audit Scotland provides services to the Commission by delivering our programme of audits and reports. Some of the engagement activity around specific aspects of our work, for example financial audit or the shared risk assessment, is carried out by Audit Scotland on our behalf.

Along with the Auditor General for Scotland and Audit Scotland, we deliver public audit in Scotland. Together we have published the paper Public audit in Scotland which describes our relationship with these partners and our role in public audit. In developing our plans we work closely with these principal partners.

The purpose and scope of this engagement strategy

The Commission's Strategy and annual action plan 2017-22 sets out that "in taking (our) work forward, we will engage effectively and regularly on issues of mutual interest with our stakeholders".

This engagement strategy and annual engagement plan complement the Commission's Strategy. It identifies our stakeholders, the reasons why we engage with them and the methods or channels we will use to engage with them. We will report annually on how we have done this.

Our stakeholders

We engage with a wide range of stakeholders



Who are our stakeholders and why do we want to engage with them?

We engage with a wide range of stakeholders. We want to be clear about why we are engaging with these stakeholders and the messages that we want to convey to them. Most importantly, we want to ensure that we are clear on our purpose and activities, and what this means for them.

But we recognise that the requirements of each stakeholder – and how they may make use of our work to fulfil their own responsibilities - will be different. We will therefore require to use different ways of engaging with different stakeholders.

Beyond our overall message of underlining our independence and impartiality, we have messages that are relevant to each stakeholder.

Auditor General



We work with the Auditor General and Audit Scotland, to deliver public audit in Scotland. Public audit provides independent assurance that public money is spent properly and provides value for money. To do this, we engage with the Auditor General to ensure a mutual understanding of each other's priorities, to agree work that we can do jointly, and to ensure that our respective priorities are delivered by Audit Scotland. In doing so, Audit Scotland helps fulfil an important role in complementing our engagement with our stakeholders.

Audit Scotland and private sector audit firms



We commission Audit Scotland and private firms to undertake audit work on our behalf. It is therefore important to them that we are clear what our priorities are and what we expect to get from audit work.

Citizens



Our role as an independent source of assurance for the public means that citizens and communities are a principal stakeholder.

We want to present the messages in our work to service users, citizens and communities to help them form a view about the performance of their council, and how that council can improve.

Press and broadcast media



To help us engage with citizens and communities, it is important that we engage with the press and broadcasting media to ensure that they help articulate our role and thus help us deliver our messages in effective ways.

Local government



We are the public's independent watchdog for councils. So we want to engage with councils to make clear our role in assurance and improvement, to help promote messages from our individual pieces of audit work, and to ensure that we have an up-to-date perspective of the issues facing them.

In this role we engage regularly with elected members and officers, as well as representatives of local government as a whole including the Convention of Scottish Local Authorities (COSLA), the Scottish Local Government Partnership (SLGP) and the Society of Local Authority Chief Executives in Scotland (SOLACE).

Scottish Government



While we are independent, we are appointed by ministers. We therefore want to engage with the Scottish Government to assure it of our activities and to ensure a mutual understanding of the Scottish Government's agenda for public service reform and how this may affect councils and, thus, our work.

Scottish Parliament



The Scottish Parliament sets legislation that can affect councils and indeed councils' partners in the wider public sector, and also, through its committees, holds the Government to account. We want members of the Parliament and its committees to be aware of and use our work to help them fulfil their responsibilities.

Scrutiny partners



Parliament and Government expect us, along with our scrutiny partners, to work together to provide independent assurance that public money is being used properly and that services are well managed and fit for purpose. Such external scrutiny also helps public bodies improve. We work closely with our scrutiny partners to ensure that our activity is coordinated, risk-based and proportionate. To do this, we convene the Local Government Strategic Scrutiny Group, consisting of:

Audit Scotland

Care Inspectorate

Education Scotland

Healthcare Improvement Scotland

HM Fire Services Inspectorate

HM Inspectorate of Constabulary for Scotland

HM Inspectorate of Prisons

Inspectorate of Prosecution in Scotland (IPS)

Scottish Housing Regulator.

We also convene a local area network of scrutiny partners for each council area, to coordinate scrutiny activity through our shared risk assessment process, leading to a local scrutiny plan for each council area.

Councils' community planning partners



With councils and their community planning partners collaborating in increasingly frequent and complex ways to deliver local services, it is important that our work reaches these partners. Notably, the third sector is becoming an increasingly important stakeholder for councils and their community planning partners in helping to deliver local services, and so we want to ensure we engage with this sector, which has varied and complex interests.

Other stakeholders



We also engage with a wide range of other organisations and bodies representing professionals such as public finance accountants and directors of education, social work and administration. We maintain a relationship with other UK audit bodies to ensure that we keep an updated perspective of audit approaches elsewhere in the UK. On our behalf, Audit Scotland works with the Equalities and Human Rights Commission and convenes an equalities and human rights advisory group, consisting of a range of diverse groups and communities, to ensure that consideration of equalities issues is embedded in our audit work.

Our list of stakeholders is continuously under review to react to changes in the public sector environment. For example, we currently continue to build our relationship with the new integrated joint health and social care boards.

Our engagement activities

We will use appropriate methods to engage with stakeholders depending on the message and the audience



What do we engage about?

As well as our messages for each stakeholder, we engage with different stakeholder groups for varying reasons.

We may want to inform them about our values, strategies, plans and performance including our annual report.

Sometimes our key aim is to promote our work or to make recommendations, such as auditing Best Value or our *How councils work* series of reports. Our annual statutory performance information direction, which we publish on a three-yearly basis, sets out our requirements for councils in what performance information they need to publish. For our national performance audits, we approve a promotion and engagement strategy for each audit.

We tailor our engagement plans to maximise the impact of each of our reports. This may be through robustly promoting or encouraging local authorities to build on our recommendations or working with scrutiny partners or other appropriate bodies such as COSLA, SLGP or SOLACE. We also work with the press and media to boost awareness of our work among stakeholders including the public. We target local press and media for our reports of auditing Best Value.

We consult on, or seek feedback about, particular aspects of our work. For example, we consult annually with a wide range of stakeholders upon our work programme, which sets out our work over the next five years.

Finally, sometimes bodies have a specific reason they wish to engage with us such as updating the Commission on a policy issue or service reform.

This year, the Commission Strategy commits us to engaging with stakeholders in relation to some significant strategic objectives, including seven national performance audits, and a series of engagement events with councils around our annual overview report. We will also engage directly with newly elected councillors by sharing with them our strategy and annual action plan, to help familiarise them with our work.

How we will engage

We see our engagement as having three purposes:

Informing, ie giving information.

Consulting, ie giving information and seeking views.

Collaborating, ie giving information, seeking views and actively working together.

There are many channels or tools which we can use in our engagement. Some lend themselves better to particular types of activity or certain stakeholder groups.

Our engagement may be a regular process, such as maintaining, through regular meetings, our relationship with local government stakeholders such as COSLA, SLGP or SOLACE. It may also, however, be a specific one-off activity, for example centred on the promotion of one of our published reports. Depending on the nature of such reports, we may engage closely with one council, or across local government as a whole.

We are always looking for scope to be innovative so we will actively consider new ways of engagement such as using web-based technology and social media.

Our annual engagement plan

Our annual engagement plan sets out in more detail what we are engaging upon in the next year (ie, to the end of March 2018), and also sets out when this engagement activity is taking place. We will report our progress against this plan at the end of the year.

What we will engage about	Who we will engage with	How we will engage	When we will engage
Our strategy and planning			
We will meet regularly with principal stakeholders to discuss our strategy and issues of mutual interest.	COSLA, SLGP, SOLACE, Scottish Parliament, Scottish Government	Collaborate We will meet regularly with COSLA, SLGP, SOLACE, Parliamentary committee conveners and party representatives, and the Scottish Government.	Throughout the year
We will publish our annual report and promote it among stakeholders.	All stakeholders	Inform We will write to or email council leaders, chief executives, Parliamentary committee conveners and party representatives, Scottish Government, and other stakeholders as appropriate. We will provide an interactive version of our report on our website.	June 2018
We will publish our annually revised strategy and annual action plan and promote it among stakeholders.	All stakeholders	Inform We will write to council leaders, chief executives, Parliamentary committee conveners and party representatives, Scottish Government, and other stakeholders as appropriate.	June 2018
	All stakeholders	Inform and consult We will meet council leaders and chief executives to discuss our overview reports and strategy	Summer 2018
We will publish our engagement strategy and promote it among stakeholders.	All stakeholders	Inform We will write to or email council leaders, chief executives, Parliamentary committee conveners and party representatives, Scottish Government, and other stakeholders as appropriate.	May 2017

What we will engage about	Who we will engage with	How we will engage	When we will engage
Our audit work			
We will consult stakeholders on our draft work programme.	Local government	Inform and consult We will meet with COSLA, SLGP and SOLACE to seek their views on our proposals.	Late 2018
		We will write to council leaders, chief executives and chairs of audit and scrutiny committees seeking their views on the draft programme.	Early 2019
	Local government trade unions	Inform and consult We will write to local government trade unions seeking their views on the draft programme.	
	All stakeholders	Inform We will share our performance audit programme by publishing it on our website and through social media.	Spring 2018
We will explore with stakeholders how to develop our audit work to ensure that we are effectively reflecting the policy environment	All stakeholders	Collaborate We will use innovative ways of discussing issues with stakeholders, such as policy 'round table' events. We will meet council officers and professional bodies to learn more about the issues facing them in fulfilling their responsibilities.	Ongoing
We will review with those carrying out audit work how they are developing and improving the work	Audit Scotland and private firms	Collaborate We will, through our Financial Audit and Assurance Committee, discuss with Audit Scotland and private firms issues arising from their audit work.	Ongoing

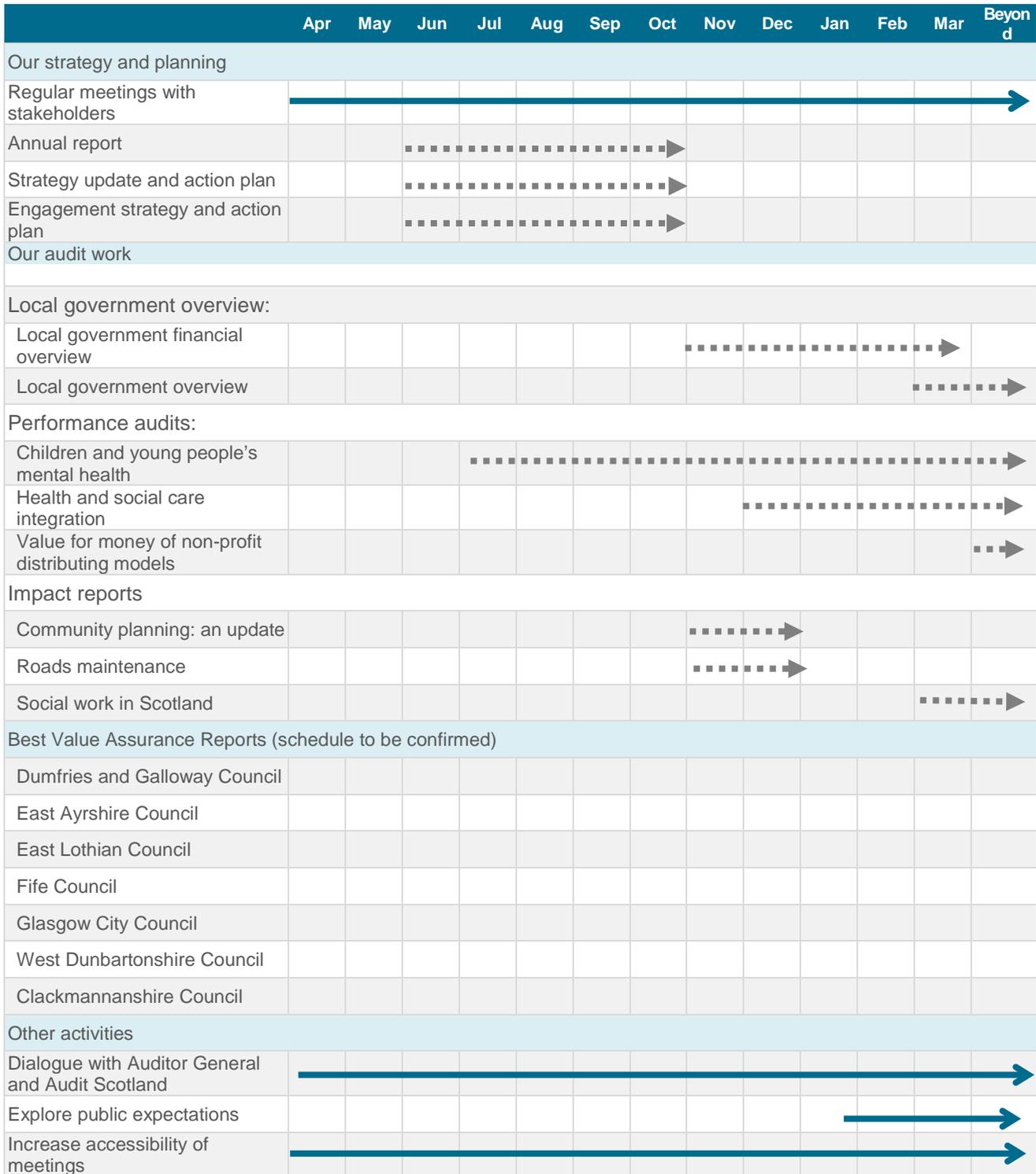
What we will engage about	Who we will engage with	How we will engage	When we will engage
We will publish our overview reports, performance audit reports and impact reports and promote their key messages and themes (publication dates to be confirmed):	Citizens	Inform We will publish our reports and podcasts on our website. We will encourage the press and media to raise awareness of our reports through press releases and social media.	Ongoing
	Local government (including joint health and social care boards for appropriate audits)	Collaborate We will meet with councils to discuss the messages from our overview reports	Spring 2018
<ul style="list-style-type: none"> • Local government financial overview (Autumn 2018) • Local government overview (Spring 2019) • Children and young people's mental health (Autumn 2018) • Health and social care integration (Autumn 2018) • Value for money of non-profit distributing models (Summer 2019) 	Scrutiny partners	Inform and consult We will write to council leaders and chief executives (and chairs of audit and scrutiny committees as appropriate) promoting key messages and themes. We will hold learning events and promote learning materials, working as appropriate with stakeholders like the Improvement Service. We will offer for audit teams to promote our reports at council meetings as appropriate.	Ongoing
<ul style="list-style-type: none"> • Impact reports: <ul style="list-style-type: none"> ○ Community planning: an update (summer 2018) ○ Roads maintenance (summer 2018) ○ Social work (autumn 2018) 		Professional bodies as appropriate	Inform and consult We will share our reports with appropriate professional bodies and discuss their implications. We will develop our members' presence at professional conferences by taking opportunities to present our reports
	Press and media	Inform We will produce press releases and respond to press enquiries on our reports.	Ongoing
	Scottish Government	Inform We will share our reports with ministers.	Ongoing
	Scottish Parliament	Inform We will share our reports with and brief Parliamentary committees, particularly the Local Government and Communities Committee. We will issue our reports to all MSPs.	Ongoing

What we will engage about	Who we will engage with	How we will engage	When we will engage
We will publish Best Value Assurance Reports and follow-up Best Value reports: <ul style="list-style-type: none"> • Dumfries and Galloway • East Ayrshire • East Lothian • Fife • Glasgow City • West Dunbartonshire • Clackmannanshire (progress report) 	Citizens and communities	Inform We will discuss our reports in public, publish our reports and podcasts on our website and communicate with local press and media to raise awareness of our reports. We will share our reports with local communities and third sector groups.	Ongoing
	Local government (including joint health and social care boards)	Inform and consult We will write to the relevant council leader and chief executive setting out the Commission's findings in relation to the report. We will seek a meeting with the relevant council leaders to discuss the report. We will share our Best Value reports with all councils to facilitate learning and dissemination of good practice.	Ongoing
	Scrutiny partners	Inform, consult and collaborate We will share our Best Value reports with scrutiny partners. We will discuss our Best Value reports with the relevant local area network, consisting of scrutiny partners.	Ongoing
	Professional bodies as appropriate	Inform and consult We will share our reports with professional bodies.	Ongoing
	Press and media	Inform We produce press releases and podcasts and take part in interviews. We will target local media for each Best Value report.	Ongoing

Other activities

We will maintain fruitful dialogue with the Auditor General and Audit Scotland in our work	Auditor General and Audit Scotland	Collaborate We will develop, monitor and maintain our joint work programme with the Auditor General and Audit Scotland.	Ongoing
We will explore public expectations of us and our work	Citizens and communities	Consult We will explore options for research.	By Spring 2019
We will increase the accessibility of our meetings.	All stakeholders	Inform We will investigate webcasting meetings from our new premises. We will use social media to make our meetings more accessible, particularly through developing our Twitter presence.	By end of 2018

When we will engage



→ Regular engagement activity ⋯▶ Variable or diminishing intensity of activity

Engagement strategy and plan

2018-23

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ACCOUNTS COMMISSION 

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MEETING: 10 MAY 2018

REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE

BEST VALUE ASSURANCE REPORT SCHEDULE 2019

Purpose

1. This paper invites the Commission to consider a proposed schedule for the third round of Best Value Assurance Reports (BVARs).

Background

2. On 26 April 2018 the Commission’s Best Value Working Group considered a paper proposing seven councils for the third round of BVARs. These BVARs will be reported in 2019. The working group endorsed the proposal for onward consideration by the Commission.

Proposed councils for year 3 of the BVAR programme

3. The five year BV programme ensures a BVAR is published on each council by the end of 2021.
4. Following consideration of the 2018/19 local scrutiny plans, published in March 2018, and ongoing intelligence from auditors, the seven councils included in the year three BVAR round are:

Council	Auditor
Highland	Grant Thornton
Midlothian	Ernst Young
North Lanarkshire	Brian Howarth, ASG
Perth & Kinross	KPMG
Scottish Borders	Gillian Woolman, ASG
Stirling	Dave McConnell, ASG
South Lanarkshire	Fiona Mitchell-Knight, ASG

5. The councils included in the programme are proposed to reflect:
 - a spread of councils (size and location);
 - a spread of auditors to smooth the pressures on auditors; and
 - current intelligence on risk profiles gathered from local auditors through annual audit planning and local area network discussions.
6. Following the review of the first year of the new approach to auditing Best Value, which the Commission considered in February 2018, auditors are aiming to spread the workload for publishing BVAR reports over a longer period than was achieved in the first

two years of the programme. As a result, the proposal is for the seven reports to be presented to Commission meetings from March to December 2019.

Conclusion

7. The Commission is asked to endorse the proposed schedule of councils to be included in the year three BVAR round.

Fraser McKinlay
Director of Performance Audit and Best Value
2 May 2018

MEETING: 10 MAY 2018

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: EAST AYRSHIRE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for East Ayrshire Council.

Background

2. The attached Best Value Assurance Report is the seventh such report presented to the Commission.
3. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report on each council at least once during the five-year audit appointment and also by Best Value being reported in annual audit reports.

The Controller of Audit report

4. The Best Value Assurance Report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.
7. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - direct the Controller of Audit to carry out further investigations

- hold a hearing
 - state its findings.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
 10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
 11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

10. The Commission is invited to:

- a) consider the Controller of Audit's Best Value Assurance Report on East Ayrshire Council; and
- b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
1 May 2018

East Ayrshire Council

Best Value Assurance Report



Prepared for the Accounts Commission by the Controller of Audit

May 2018

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

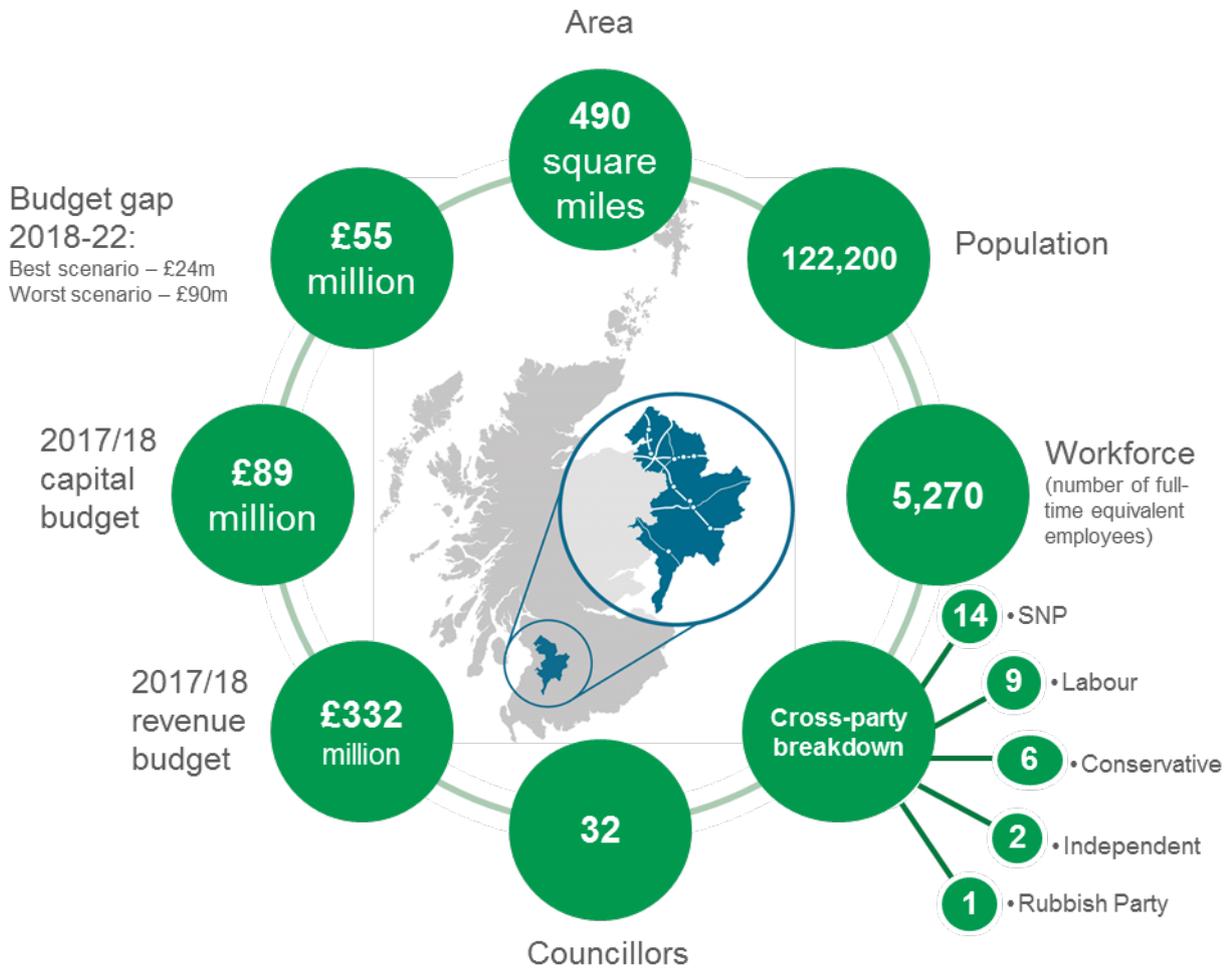
You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Key facts	4
Audit approach	5
Key messages	7
Part 1 Does the council have clear strategic direction?	8
Part 2 How well is the council performing?	12
Part 3 Is the council using its resources effectively?	23
Part 4 Is the council working well with its partners?	28
Part 5 Is the council demonstrating continuous improvement?	36
Recommendations	40
Appendix 1 Best Value audit timeline	41

Key facts



Audit approach

1. The statutory duty of Best Value was introduced in the Local Government Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the [Annual Audit Report](#). The Controller of Audit will also present a Best Value Assurance Report to the Accounts Commission at least once during the five year audit appointment for each council. This is the first assurance report on East Ayrshire Council. The findings from previous Best Value reports on the council are summarised at Appendix 1 in the Best Value audit timeline.

2. This report seeks to provide the Accounts Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities covering:

- the clarity of council priorities and quality of long-term planning to achieve these
- how effectively councils are evaluating and implementing options
- how effectively councils are ensuring that members and officers have the right knowledge, skills and time to lead and manage delivery of council priorities
- how effectively councils are involving citizens in decisions about services
- the quality of council performance reporting to help citizens gauge improvement.

3. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver their priorities. The pace, depth and continuity of this improvement is key to how well councils meet their priorities in the future. In this report, we show how we assessed East Ayrshire Council's improvement over time and our conclusions are reflected in the [Key Messages on page 7](#).

4. Our audit approach is proportionate and risk based, that is, it reflects the context, risks and performance of the individual council. It also draws on information from previous years' audit and scrutiny work. In keeping with this approach we conducted some initial work to identify risks and council initiatives to build into our audit's scope. We reviewed previous audit and inspection reports and intelligence, reviewed key council documents, met with senior officers and drew from our wider public sector knowledge and experience. [Exhibit 1](#) shows the key areas of focus for our audit:

Exhibit 1

Key areas of focus for our audit



The council's vision and priorities, as developed with community planning partners



Managing performance, self-evaluation and measuring outcomes



Financial sustainability, including the difficult decisions the council faces on the funding gap and related policy choices



Community engagement, including the council's 'Vibrant Communities' approach, community-led action plans and asset transfers to the community



Partnership working, including interacting with the Integration Joint Board, a body that plans and coordinates local health and social care services.



Financial governance and resource management



Transformation and improvement activity including the arrangements established to effectively deliver the new transformation strategy

Source: Audit Scotland

5. We did the detailed audit work for this report in December 2017 and January 2018. Our audit work included:

- interviewing elected members and senior officers
- holding focus groups with members of staff
- observing a range of council and committee meetings
- reviewing documents.

6. We will continue to audit Best Value at the council over the course of our audit appointment. This will include following up on the findings from this report and more detailed audit work on other Best Value characteristics as appropriate.

7. We gratefully acknowledge the cooperation and assistance provided to the audit team by all councillors and officers during the audit.

Key messages

- 1.** The council and its partners have delivered strategic planning jointly for 15 years. Their community plan sets out a clear, shared vision for East Ayrshire through to 2030. Councillors support this vision. The CPP understands the challenges facing East Ayrshire and is focusing on three strategic themes: economy and skills, safer communities and wellbeing. The council has strong executive leadership. Officers and councillors from all parties work well together for the people of East Ayrshire. There is evidence of effective challenge from councillors.
- 2.** The council and its partners report improvement in more than two-thirds of the indicators they use to monitor performance against their priorities. Compared to other councils, the council's overall performance has improved in recent years, and the 2017 residents' survey reported high levels of satisfaction with most council services. The council and its partners can show where their actions have improved performance. The council is addressing the challenges that remain in some areas, including employment and planning.
- 3.** The council has effective financial planning and management arrangements in place. It prepares medium and long-term financial plans. The council anticipates a funding gap of between £24 million and £90 million over the next five years. It has identified key areas for change when developing its latest Transformation Strategy. The council recognises that it has a lot to do to implement the strategy in the planned timescale.
- 4.** The council empowers its communities through its Vibrant Communities approach. It helps communities develop the skills and confidence to deal with local needs and priorities. The council also includes local people in planning services and spending public money. This has led to community groups having a positive attitude and a sense of control in shaping their own area.
- 5.** Community planning partners have a long track record of working well together. There are good examples of partnership working in care, the economy and roads. The council and the NHS have a well-established partnership, strengthened by the Integration Joint Board (IJB). As is the case across Scotland, the council, the IJB and the NHS, are working to resolve funding issues around shifting the balance of care between hospitals and communities.
- 6.** The council undertakes self-assessment at strategic, service and partnership levels. This provides assurance on both systems and approaches and the quality of service delivered. This has helped the council to identify and address areas for improvement over a number of years. The council uses the results of external scrutiny to target improvement. It looks beyond both its own boundaries and Scotland to identify learning and innovative practice.
- 7.** The council has a long-established culture of self-assessment and improvement and has maintained the strong levels of performance reported in our previous Best Value reports. Effective implementation of its new Transformation Strategy, and resolution of issues relating to health and social care, will be key to the council sustaining its performance levels.

Part 1

Does the council have clear strategic direction?



The council has strong leadership and, with its partners, has a clear vision for what it wants to achieve for the people of East Ayrshire. Councillors and staff support this vision.

The council and its partners have delivered strategic planning jointly for 15 years. Their community plan sets out a clear, shared vision for East Ayrshire through to 2030.

The council and its partners have developed their vision from a good understanding of the challenges facing East Ayrshire. They are focusing on the three strategic themes that local people feel are the most important: economy and skills, safer communities and wellbeing.

The council has clear plans to achieve these priorities, and regularly reports on its progress to councillors and to local people.

The Executive Management Team and councillors from all parties work well together for the people of East Ayrshire.

The local context

8. East Ayrshire is in south west Scotland and has a population of around 122,000. It covers an area of 490 square miles that contains both urban and rural communities. Kilmarnock is the largest urban area with a population of around 47,000. The rest of the population live in smaller communities, ranging from fewer than 100 people in some villages and rural areas to around 9,000 in Cumnock, the second largest town.

9. East Ayrshire's business base includes around 3,200 companies from sectors including engineering, manufacturing, tourism and leisure, food and drink, textiles, social care and renewable energy.

10. Some parts of East Ayrshire are prosperous but significant inequalities exist between communities. Fifty-three of the 163 data zones (population units) across East Ayrshire are among the 20 per cent most deprived data zones in Scotland.¹ Nationally, East Ayrshire has the sixth highest concentration of deprivation of the 32 Scottish councils. In February 2018, unemployment in East Ayrshire was 3.4 per cent, higher than the Scottish average of 2.4 per cent. The rate of youth

¹ SIMD16 council area profile and analysis: East Ayrshire, Scottish Government, November 2016.

unemployment is the fourth highest in Scotland at 4.5 per cent, compared to the Scottish average of 2.7 per cent.²

11. The number of people living in East Ayrshire is forecast to fall by 3.9 per cent between 2014 and 2039, while the population of Scotland is projected to increase by 6.6 per cent. In East Ayrshire:

- the number of people aged 75 and over is projected to increase by 77 per cent – affecting health and social care services for older people
- the number of people of working age is projected to fall by 17.2 per cent – a lack of local workforce could potentially make the area less attractive to some businesses
- the number of children and young people aged 0-15 years is forecast to fall by 9.1 per cent – affecting services such as school education.

12. The council has been nationally recognised for its work. East Ayrshire Council was named UK Council of the Year at the Improvement and Efficiency Social Enterprise Awards in 2017. This award recognised the council's work in transforming the delivery of its services. At the same awards in 2018, the council won a gold award for creating community capacity for its respectful funerals service and a silver award for transformation in waste management. East Ayrshire Health and Social Care Partnership won a silver award for transformation in health and social care.

The council and its partners have a clear shared vision

13. The East Ayrshire Community Plan 2015-2030 is seen by the council and its partners as the 'sovereign' planning document for East Ayrshire. The council is a strong supporter of partnership working and has not produced a separate strategic plan since 2003. The Community Planning Partnership's (CPP) vision is for East Ayrshire to be 'a place with strong, safe and vibrant communities, where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs'. The CPP includes Police Scotland, Scottish Fire, and Rescue Service, Strathclyde Partnership for Transport, NHS Ayrshire and Arran, Ayrshire Chamber of Commerce, Ayrshire College, Voluntary Action East Ayrshire, Scottish Enterprise and Community Federations. The first three-year review of the community plan was completed in 2017/18.

14. The CPP has agreed three strategic themes to help make this vision happen:

- Economy and skills
- Safer communities
- Wellbeing.

15. Each theme has a delivery plan. This sets out specific aims and includes actions, measures of success and appropriate indicators for assessing progress against the priority.

The CPP developed its priorities and plans from a good understanding of local data and challenges

16. The delivery plans for each of the three strategic themes reflect local circumstances and have been developed using local data. The council also consulted with its residents to find out what they felt was important to them and their community.

² [Scotland's Labour Market, Table and Charts, February 2018, Scottish Government.](#)

17. The community plan sets out clearly the challenges East Ayrshire faces. For example, the plan highlights that youth unemployment in January 2015 was unacceptably high, running at 5.5 per cent, compared with a national average of 3.1 per cent. It also highlights how youth unemployment significantly varies within East Ayrshire. Plans that individual communities have developed – community-led action plans – also link to the strategic themes, where appropriate.

18. Plans and strategies reflect national priorities, such as public sector reform, welfare reform and community empowerment. The delivery plans for the strategic priorities also link clearly to the national outcomes in Scotland's National Performance Framework. The community plan, delivery plans and the council's latest Transformation Strategy consistently recognise the importance of tackling inequalities and early intervention and prevention, that is, taking action as soon as possible to tackle problems for children, families and vulnerable people.

19. The CPP also identified three strategic priorities for the first three years of the community plan. For 2015-2017 these were:

- youth unemployment
- alcohol and drugs
- child poverty.

The council has set out its plans to address future opportunities and challenges in its latest Transformation Strategy

20. The council is developing the detail of its latest Transformation Strategy. The council's Cabinet agreed the Transformation Strategy 2017-2022 in October 2017 and, in February 2018, decided it will run concurrently with the community plan, until 2030. Responsibility for most of the council's strategic decisions is delegated to the Cabinet with representation from all political groups.

21. The Transformation Strategy sets out the opportunities and challenges that lie ahead for the council and describes, at a high level, the activities and developments on which the council needs to focus over the next five years. In terms of challenges, the strategy highlights a likely gap between the funding the council needs to maintain services in the same way and at the same level as at present, and the expected funding available. It notes that the council will be smaller, but with a commitment to maintain high quality services. Part three of our report gives more details of this strategy.

22. The council has regularly carried out strategic self-assessments since 2005. It has asked external peers, people with an extensive knowledge of the public sector, to provide independent review and challenge. Further details are on [page 36](#). In the latest assessment, in 2016, peers identified scope for improved alignment of priorities between the community plan and the then Transformation Strategy (2012-2017). The council has taken steps to address this as part of the three-year review of the community plan.

The council's senior team provides effective leadership

23. The council's Executive Management Team (EMT) has six members, including the Director of the Health and Social Care Partnership. During the audit, EMT members were consistent in the way they interpreted and explained the council's vision and the council's and its partners' strategic priorities.

24. Both councillors and staff we spoke to during the audit were positive about the EMT. Councillors acknowledged the challenging circumstances facing the council and believed the EMT was providing the necessary executive leadership to continue to deliver appropriate, sustainable services. Staff were similarly clear on the council's challenges, and supported senior management's approach. Staff were both engaged and enthusiastic about this approach.

25. The Leader of the Council meets regularly with the Chief Executive and senior management team. Councillors are confident they can contribute and influence priorities. Formal structures are in place for learning and support for councillors from officers. The EMT and councillors from all parties work well together for the people of East Ayrshire.

Part 2

How well is the council performing?



East Ayrshire Council's overall performance is improving. Residents are satisfied with the services the council provides.

The council and its partners report improved performance in more than two-thirds of their performance indicators. Compared to other councils, the council's overall performance has improved in recent years. The 2017 residents' survey reported high levels of satisfaction with most services the council provides.

The council is addressing the challenges that remain in some areas, including employment and planning.

The council and its partners can demonstrate they have acted effectively and that this has led to improved performance in a number of areas.

The council and its partners report improved performance in two-thirds of performance indicators in their priority areas

26. After agreeing its three strategic themes (economy and skills, safer communities and wellbeing), East Ayrshire CPP identified 137 indicators to monitor progress. From these, the CPP also identified a set of 38 core indicators to more concisely summarise progress. The CPP selected what it considered to be the most suitable indicators from the Menu of Local Outcome Indicators. The Improvement Service developed this menu and recommended councils use it within the Single Outcome Agreement Guidance that applied at the time.³

27. There is evidence of improved performance in the CPP's priority areas. The CPP has reported improved performance in more than two-thirds of its performance indicators between 2013/14 (the year before the strategic themes were agreed) and 2016/17.^{4 5} [Exhibit 2](#) breaks down performance trends across the three strategic themes for all indicators and for the core indicators. Performance improved:

- in seven of the eight core indicators for economy and skills
- in around three-quarters of the core indicators for wellbeing

³ Community Planning Delivery Plan and Single Outcome Agreement Annual Performance Report 2016/17, East Ayrshire Council and East Ayrshire Community Planning Partnership Board, 2017.

⁴ Improvement is based on performance against a baseline of 2013/14 (the last full year before the Community Plan was agreed in 2015) and for most indicators the latest data available is for 2015/16 or 2016/17.

⁵ Community Planning Delivery Plan and Single Outcome Agreement Annual Performance Report 2016/17, East Ayrshire Council and East Ayrshire Community Planning Partnership Board, 2017.

- in over half of the core indicators for safer communities.

Exhibit 2

Overview of East Ayrshire CPP's performance against its strategic themes

The CPP reported improvement in 95 of 137 performance indicators between 2013/14 and 2016/17.

Strategic theme	Number of indicators	Percentage of indicators with improved performance ¹	Number of core indicators	Percentage of core indicators with improved performance
Economy and skills	37	81%	8	88%
Safer communities	63	61%	19	53%
Wellbeing	37	78%	11	73%
Total	137	71%	38	68%

Note 1: This percentage is calculated from the 134 indicators for which data was available at March 2018. Of these, 95 improved, three remained the same and 36 required improvement. We have calculated the performance indicator percentages using the most up-to-date figures available.

Source: Audit Scotland, Community Planning Delivery Plan and Single Outcome Agreement Annual Performance Report 2016/17, East Ayrshire Council and East Ayrshire Community Planning Partnership Board, 2017

28. [Exhibit 3](#) provides examples of indicators in which the CPP reported significant improvements in performance and those in which it still needs to improve.

Exhibit 3

Significant improvements and challenge areas across the CPP's three strategic themes

Examples of East Ayrshire CPP's performance indicators showing improvement and those requiring improvement, in the CPP's three strategic themes - economy and skills, safer communities and wellbeing.

Showing improvement	2013/14	2016/17	Improvement over time	Requiring improvement	2013/14	2016/17	Decline in performance over time
Economy and skills				Economy and skills			
Business start-up rate per 10,000 population	28.6	33.1	4.6	Employment rate	68.3%	66.3%	-2.0%
Business survival rate (3 years after start-up)	59.6%	62.9%	3.3%				
Safer communities				Safer communities			
Total crimes recorded by Police Scotland per 10,000 population	468.6	433.7	-34.9	Annual number of reconvictions per 100 offenders	0.49	0.54	0.05
Incidents of anti-social behaviour reported to the police per 10,000 population	650.9	613.4	-37.5	Supply of drugs: detection rate	98.7	82.3	-16.4
Wellbeing				Wellbeing			
Number of alcohol-related hospital stays per 100,000 population	804	737	-67	Rate for general acute and day case stays with a diagnosis of drug misuse per 100,000 population	257.2	317.5	60.3
Percentage of children in primary 1 with no obvious dental decay experience	63.9%	71.4%	7.5%	Emergency inpatient bed day rates for people aged 75+ per 1,000 population	4,616	5,307	691.0

Source: East Ayrshire CPP/Audit Scotland

East Ayrshire Council's overall performance has improved in recent years compared to other councils

29. The *Local Government Benchmarking Framework* (LGBF) allows councils to compare themselves to the Scottish average. East Ayrshire Council's overall performance has improved in the last five years compared to other councils ([Exhibit 4](#)). Although there are over 70 performance indicators in the LGBF, this analysis is based on 35 single-year indicators measuring performance rather than cost. In 2016/17:

- Fifty-five per cent of the council's performance indicators were in the top two quartiles, that is, performing better than half of Scottish councils, compared with 40 per cent in 2011/12. The council performed particularly well in:
 - the percentage of A class roads requiring maintenance
 - the cost of collecting council tax
 - levels of employee sickness absence

- the percentage of social housing meeting a minimum standard.
- The number of indicators in the bottom quartile (among the poorest performing councils) fell from 23 per cent to 17 per cent. The LGBF indicators in which the council performed less well compared to other councils included:
 - the time taken to process commercial planning applications
 - the percentage of school pupils gaining five or more awards at Level 5 or higher
 - average overall total tariff score. Every level and type of qualification in Scotland has an accompanying points score. The points gained by each pupil are added to create an overall tariff score
 - the percentage of unclassified roads that should be considered for maintenance treatment.

Exhibit 4

Comparing East Ayrshire Council's performance over time

The percentage of indicators where the council's performance is above average increased from 40 per cent in 2011/12 to 55 per cent in 2016/17.



Note: measuring council performance involves considering how all councils are performing, from lowest to highest for each indicator. From this it is possible to see how one council compares to all councils. Relative performance against other councils is divided into four equal bands, or quartiles. The first quartile contains the best -performing councils for that indicator and the fourth quartile includes the poorest performing councils.

Source: Audit Scotland and Local Government Benchmarking Framework, Improvement Service, 2016/17

30. The Accounts Commission's report, *Local Government in Scotland: Performance and Challenges 2018*, selected eight measures from the LGBF that indicate the council performance in services likely to be of significant interest to the public.⁶ It found that, across Scotland, councils' performance for these indicators over the last five years has either remained the same or improved. The exception to this was the proportion of social work spending on self-directed support.⁷ This

⁶ The full range of indicators includes unit costs and public satisfaction. These are available on the Improvement Service website – www.improvementservice.org.uk/benchmarking/

⁷ This indicator is the percentage of social work spending on adults, spent on direct payments or personalised managed budgets (where the budget is allocated to a provider the person chooses. The council

dropped slightly between 2015/16 and 2016/17. Between 2011/12 and 2016/17, East Ayrshire Council's performance improved in six of these indicators ([Exhibit 5](#)):

- In education, the percentage of pupils gaining five or more awards at level six or higher increased by over ten per cent for all pupils (from 21 per cent to 31 per cent) between 2011/12 and 2016/17. The percentage of pupils from deprived areas gaining five or more awards at Level six or higher increased (eight to 15 per cent). The overall percentage of pupils entering a positive destination, such as further education, training or employment also increased (89 to 94 per cent).
- The percentage of household waste that the council recycles increased by six per cent between 2011/12 and 2016/17.
- The proportion of adults receiving funding for self-directed support has increased steadily, from 1.1 to 4.1 per cent between 2011/12 and 2016/17. See endnote 7.
- The percentage of A class roads in East Ayrshire requiring maintenance has fallen considerably since 2011 (from 30 to 19 per cent). The council has one of the lowest levels of required maintenance in Scotland.

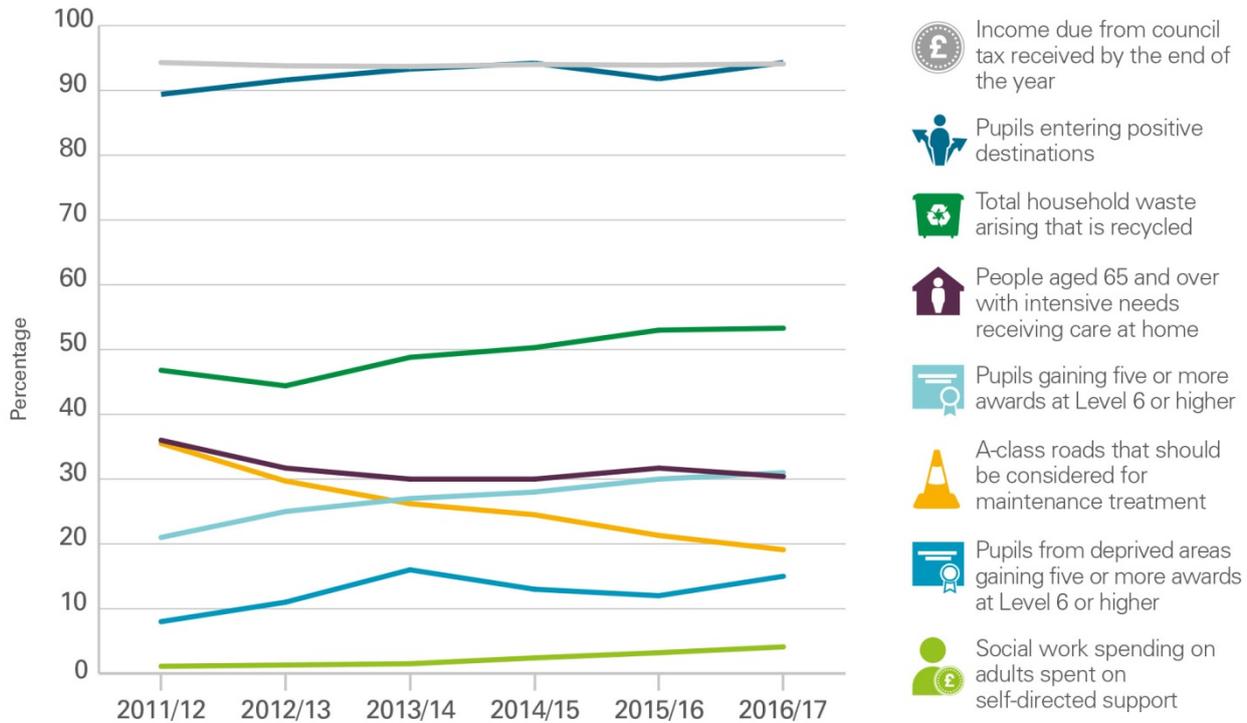
31. The council's performance declined in two of the indicators:

- The percentage of income due from council tax received by the end of the year fell from 94.3 to 94.1 per cent.
- The percentage of people aged over 65 with intensive needs receiving care at home decreased by six per cent, from 36 to 30 per cent.

Exhibit 5

East Ayrshire Council's performance against selected indicators from 2011/12 to 2016/17

East Ayrshire Council's performance has improved in six of the eight indicators over the last five years.



Notes

1. The self-directed support indicator is the percentage of social work spending on adults, spent on direct payments or personalised managed budgets (where the budget is allocated to a provider the person chooses. The council holds the budget but the person is in charge of how it is spent). It does not include spending on support arranged by the council.

Source: Audit Scotland; and Local Government Benchmarking Framework, Improvement Service, 2016/17

32. The LGBF can be used to assess a council within family groups of comparable councils and to learn lessons that may improve its performance. Family groups are based on factors such as population density and levels of deprivation. This allows similar councils to compare and benchmark performance. Within its family groups, East Ayrshire Council tended to perform in the middle in most areas in 2016/17 except for:

- the percentage of A Class roads requiring maintenance, where it was the best performer
- the percentage of income due from council tax received by the end of the year where it was the poorest performer ([Exhibit 6](#)).

Exhibit 6

Performance relative to the Scottish average and relevant family group, 2016/17

East Ayrshire Council performed below the Scottish average in six of the eight indicators. Generally, the council's performance was in the middle of its family group.¹

Indicator	East Ayrshire Council	Scotland	Family group	% point change (2010/11-2015/16)
Percentage of pupils gaining 5+ awards at Level 6 or higher	31%	34%	Performance ranges from 24% to 37%	East Ayrshire 10% Scotland 8% Family group 6% to 12%
Percentage of pupils from deprived areas gaining 5+ awards at Level 6 or higher	15%	16%	Performance ranges from 11% to 23%	East Ayrshire 7% Scotland 6% Family group 5% to 11%
Percentage of social work spending on adults spent on self-directed support ²	4%	6%	Performance ranges from 1% to 19%	East Ayrshire 3% Scotland 4% Family group 1% to 10%
Percentage of people aged 65 and over with intensive needs receiving care at home	30%	35%	Performance ranges from 26% to 50%	East Ayrshire -6% Scotland 2% Family group -15% to 10%
Proportion of pupils entering positive destinations	94%	94%	Performance ranges from 92% to 98%	East Ayrshire 5% Scotland 4% Family group -2% to 5%
Percentage of income due from council tax received by the end of the year	94%	96%	Performance ranges from 94% to 98%	East Ayrshire 0% Scotland 1% Family group -1% to 2%
Percentage of total household waste arising that is recycled	53%	45%	Performance ranges from 50% to 59%	East Ayrshire 6% Scotland 5% Family group 1% to 14%
Percentage of A class roads that should be considered for maintenance treatment	19%	30%	Performance ranges from 19% to 40%	East Ayrshire -16% Scotland -1% Family group 6% to -16%

Notes:

1. The council was placed in the top two quartiles for four indicators, in quartile three for three indicators and in quartile four for one indicators.

2. Self-directed support (SDS) allows people to choose how their support is provided, and gives them as much control as they want of their individual budget. This indicator is the percentage of social work spending on adults, spent on direct payments or personalised managed budgets (where the budget is allocated to a provider the person chooses. The council holds the budget but the person is in charge of how it is spent). It does not include spending on support arranged by the council.

Source: Audit Scotland; and Local Government Benchmarking Framework, 2016/17, Improvement Service.

The council is addressing the challenges that remain in some areas, including employment and planning

33. 'Economy and skills' is one of three strategic themes agreed by East Ayrshire Council and its partners. But the percentage of people claiming unemployment benefits in East Ayrshire remains consistently higher than the Scottish average. In February 2018, the rate of unemployment for all ages was 3.4 per cent, compared to the Scottish average of 2.4 per cent.⁸ Youth unemployment (aged 16-24) is a particular problem in the area. While, the rate of youth unemployment was still significantly higher than the Scottish average, it had reduced from 5.5 per cent in 2015 to 4.5 per cent in 2018.

34. To improve employment levels, the council, with its partners, aims to '*help new and existing businesses to flourish, equip local people to access employment opportunities and support our young people to maximise their potential and ensure that they are prepared for the world of work.*' It has succeeded in many aspects of this, with increased business start-up and survival rates and improved performance in pupils' attainment. The percentage of young people entering positive destinations on leaving school has been higher than the national average in three of the last four years. In the 16 years prior to this, the council performed better than the national average once. In 1997/98 81 per cent of young people entered a positive destination; in 2016/17 this had risen to 94 per cent. The council and its partners need to build on this progress to deliver the desired step-change in levels of employment.

35. The average time taken by East Ayrshire Council to decide on commercial planning applications has generally been considerably higher than the Scottish average for the last four years. Between 2015/16 and 2016/17 the council reduced the average time taken from 25.2 to 11.8 weeks. The Scottish average in 2016/17 was 11.1 weeks. In 2016/17, the average cost to the council of processing a planning application was £7,300, compared to the Scottish average of £4,600. Since 2011/12, the cost has consistently been substantially higher than the Scottish average. Planning was identified in previous Best Value reports (in 2006 and 2010) as an area for improvement.

36. The council cites the following factors as contributing to its sustained poor performance:

- The economic downturn resulted in the council reducing the number of planning staff to match workload and to reduce costs. As economic activity began to increase, temporary staff were employed to cope with the increasing demand. Also, in 2013, the council seconded senior members of staff to a specialist team dealing with the impact of two large coal producers going into liquidation in East Ayrshire.
- The large numbers of planning applications for very complex windfarm and electrical facilities developments being submitted in a relatively short timeframe.
- A large number of legacy cases. These are usually planning applications that date back more than one year.

37. In 2015, the council reviewed the planning service. This review covered staff numbers, skills and capacity, current and pending workloads, service performance, customer satisfaction with service delivery, and reputation. Following the review, the council established new teams and increased the number of permanent planning posts by seven.⁹ We found evidence these changes have helped the service increase its productivity in processing planning applications and reduce the

⁸ [Scotland's Labour Market, Table and Charts, February 2018, Scottish Government.](#)

⁹ *Review of Management Structure: Development Management*, Paper to East Ayrshire Council Cabinet, 7 October 2015.

number of legacy planning applications. At the end of 2014/15 there were 124 legacy cases; in February 2018 there were 25.

The 2017 residents' survey reported high levels of satisfaction with most services the council provides

38. East Ayrshire CPP residents' surveys have been conducted every three years since 2005. The most recent one was in 2017. The questions in the surveys have remained broadly the same over time to allow comparison over the years.

39. The 2017 survey was based on over 2,300 interviews with a representative sample of the population with high levels of satisfaction being reported in most services provided by the council. Ninety-eight per cent of East Ayrshire residents considered their town or village a good place to live, comparing favourably to a Scottish average of 95 per cent.¹⁰

40. Residents' satisfaction has increased in many areas since 2014. For example:

- Eighty-seven per cent of respondents in 2017 were satisfied with the standard of education compared with 73 per cent in 2014.
- Satisfaction with housing (council or housing association) rose from 74 per cent to 84 per cent.

Some areas had lower results than in 2014. For example, satisfaction with swimming pools and leisure facilities decreased from 67 to 50 per cent. Satisfaction with care at home also fell from 89 to 68 per cent over this period.¹¹

The 2018 joint inspection of children's services reported strong performance in several areas

41. The Care Inspectorate, working with Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary for Scotland inspected services for children and young people in East Ayrshire, reporting in March 2018.¹² The inspection assessed the services available to children across East Ayrshire from a range of organisations and the difference these services are making to the lives of children, young people and families.

42. Overall, the inspection team found that services in East Ayrshire were performing well. Across the nine quality indicators used to assess the quality of the services the council and its partner organisations deliver, East Ayrshire received two excellent grades, five very good and two good. The review identified many strengths in these services. These included:

- an ambitious vision
- a maturity of collaborative working
- the voice of children and young people being fully reflected in policy, planning and service development
- very good examples of leadership of change and innovation

¹⁰ East Ayrshire Community Planning Residents' Survey, Research Report, East Ayrshire Community Planning Partnership, September 2017.

¹¹ The percentage of people expressing either satisfaction or dissatisfaction with care at home decreased between 2014 and 2017 as those filling in the 'neither/nor' option increased from 11 to 29 per cent. This may be indicative of less people in the survey being aware of, or using the service.

¹² [Services for children and young people in East Ayrshire: Report of a joint inspection, Care Inspectorate, March 2018.](#)

- staff across the partnership demonstrating a willingness to embrace and champion new ways of working.

43. The inspection team identified a small number of areas for improvement. These included:

- maintaining the emphasis on improving the attainment gap and achievement outcomes for looked after children and young people, in particular children who are looked after at home.
- partners continuing to strengthen quality assurance processes to ensure greater consistency and sustained improvement in the quality of key processes.

The council and its partners have improved adult care at home services

44. As a result of demographic changes, the council anticipated a three per cent increase in demand for care at home in 2016/17. The council recognised this was not sustainable and staff believed the current model did not always achieve the best outcomes for people. As a result, it worked with its health care partners to change adult health and social care services.

45. A single team of social workers, occupational therapists and support assistants based across two locations is now in place to talk to people who may need to use services. The council refers to this as changes to 'front door' services. Previously, individual teams provided separate care, with a referral process between teams. The new model of care encourages local people to develop the confidence and skills to care for themselves, using personal strengths, assets and wider community resources. This approach is more personalised and helps reduce the demand for social care and acute hospital admissions. Individuals now have only one worker to deal with, and staff from different services can liaise with each other more easily. This reduces inappropriate referrals and, in some cases, removes the need for a referral, for example, if information and advice is all that someone needs.

46. The council and its partners reduced the number of hours delivered through care at home between 2015/16 and 2016/17 by over 12,000 (1.3 per cent). They have also significantly reduced referrals to local teams in the same period from 16 per cent to three per cent. These teams assess and support people aged 65 and over and people with physical disabilities and long-term conditions. Between January and October 2017 the team also reduced, by 34 per cent, the individual interactions with people who use services. Other benefits include a better quality of assessment, more emphasis on planned interventions and preventative work and a significant reduction in social worker caseloads.

47. There is potential to extend this approach to other council services to deliver, for example, an improvement in outcomes for looked-after children and young people. The new Transformation Strategy acknowledges this and includes an aim for the council to be:

'an intelligent council using data to understand and reduce demand through prevention and early intervention'.

48. Another example of council intervention leading to demonstrable improvement in outcomes relates to educational attainment ([Case Study 1](#)).

Case study 1

The council's education service made effective use of new benchmarking data to support improvements in educational attainment

The council was aware that its performance around educational attainment was below that of other councils. When INSIGHT – an online benchmarking tool that provides comparative data on educational outcomes – was introduced in 2014, the council saw it as an opportunity to focus on improving attainment. The council's education service was proactive in using the tool, and underlying data, to both challenge and support schools. The council encouraged head teachers to take a closer interest in both their own data and their position relative to national data and, in particular, relevant virtual comparators. The virtual comparators focused on the attainment for each young person in East Ayrshire against ten young people with matching characteristics in other local authorities. The council was keen to promote healthy competition. The council also encouraged one of the head teachers in East Ayrshire to get involved in developing and applying INSIGHT at a National level; essentially becoming a leader for using the tool. The head teacher also worked directly with Scottish Government colleagues to develop and promote the use of the tool.

While it was important to bring head teachers on board, the council's central education team also carried out visits, to discuss performance with individual schools. Essentially, schools were encouraged to self-evaluate using the INSIGHT tool, and there was then an external challenge session with the council's education staff.

The comparative approach extended beyond the council's boundaries, with the three Ayrshire councils establishing a pan-Ayrshire collaborative at an early stage. This involved establishing families of schools across the council areas to share effective practice in raising attainment. Schools in East Ayrshire were given a clear directive to participate in these activities.

The council adopted INSIGHT In 2014/15. The INSIGHT data for that year indicates that the percentage of young people who left secondary school in East Ayrshire with five or more awards at SCQF Level 5 or higher was 57 per cent – this had increased to 60 per cent in 2016/17. Over the same period, the percentage of young people who left secondary school with five or more awards at SCQF Level 6 or higher increased from 29 per cent to 31 per cent.

Source: East Ayrshire Council

49. Another area in education where the council's actions led to significant improvements was in relation to exclusions:

- In January 2017, the council's education service began to provide attendance and exclusion data to individual schools in a more accessible format than previously available. Schools were encouraged to review this data. The council also analysed the data over the preceding three years, to identify patterns and themes. This process highlighted two schools with particularly high numbers of exclusions. The education service then explored how exclusions could be reduced with the two head teachers. This was replicated with other schools and the education service developed alternative approaches, including partnership working with the third sector, to dealing with pupils who would otherwise be excluded. These included creating 'support bases' within the school. This approach has led to a 50 per cent reduction in exclusions. The two schools originally identified by the education service contributed significantly to this improvement.

Part 3

Is the council using its resources effectively?



The council has managed its finances well and has saved £34 million since 2012. It now faces an estimated funding gap of up to £90 million over the next five years.

The council prepares both medium and long-term financial plans. Officers provide councillors with good information on financial plans and progress against plans. Councillors provide appropriate challenge and scrutiny.

The council is looking at a range of ways to make savings while continuing to deliver its priorities. It has set out early options in its new Transformation Strategy. The council recognises it has a lot to do to implement the strategy in the planned timescale.

The council is in the process of assessing what skills and people it needs to successfully deliver the change needed as part of its Transformation Strategy.

The council has effective financial planning and management arrangements

50. The council has effective financial planning and management arrangements. It prepares medium and long-term financial plans. Senior management and councillors regularly review progress. Financial plans are linked to priorities and other strategic developments. Councillors challenge management where performance differs considerably from plans. Progress is discussed at Cabinet and at the Governance and Scrutiny Committee and there are regular presentations at members' seminars on both finances and wider developments. The council's spending is clearly linked to its priorities, but it could improve how it shows that the spending makes a difference to these areas.

51. The Cabinet reviews financial performance each quarter as part of the East Ayrshire Performs summary report. The Governance and Scrutiny Committee also scrutinises these reports. Further information is available on the councillors' intranet site and officers are available to discuss any aspects of the report with councillors. The level of scrutiny and debate is increasing as members' knowledge and understanding grows.

The council made significant savings with its first Transformation Strategy

52. The council's 2012-2017 Transformation Strategy set out specific actions to reduce costs and close a budget gap of £34 million. During this period, the council's revenue budget was on average around £300 million each year. A

Transformation Board, chaired by the Chief Executive and consisting of members of the council's executive management team, was established to scrutinise the strategy over the five-year period. The Board updated the strategy each year, as part of the annual budget-setting process. The council reduced costs across a number of areas at the same time as improving some services:

- **Alternative delivery models** – The council established the East Ayrshire Leisure Trust on 1 July 2013 and saved over £2 million to 2016/17. In addition to the savings achieved by reducing business rates, the Trust can access funds that are not available to the council and develop new income streams.
- **Service efficiencies** – Heads of service identified efficiency savings of at least two per cent a year. The council saved nearly £27 million over the five-year period. This includes savings as a result of staffing and management structure reviews, investment in reablement (where citizens develop the confidence and skills to care for themselves) and a review of the school estate, including school buildings and land.
- **Supported accommodation for adults with complex needs** – The £1.6 million Lilyhill Gardens development in Kilmarnock provides homes for 13 tenants with a range of support needs. The development is designed for people who have previously lived in intensive, supported accommodation and has a support base that all tenants share and that provides 24-hour care if required. Lilyhill Gardens has no specific savings targets, but the council has shown that it is less expensive than providing intensive supported accommodation in multiple locations. It also expects the development to provide an environment that:
 - promotes social interaction
 - gives the individuals and their families confidence that support will be available as and when required.

The council faces a significant funding gap of between £24 million and £90 million over the next five years

53. The council recognises that if it continues with current service levels and delivery models, there would be a funding gap over the next five years. This means the council's spending would be more than its income. It has made a number of assumptions to estimate the gap, for example about grant funding, council tax, pay inflation, contract inflation, demand pressures and known policy positions. There are a considerable number of uncertainties but the council's assumptions are reasonable and in line with other councils. Based on these assumptions, the council estimates the gap could be between £24 million and £90 million by 2021/22. It is developing its latest Transformation Strategy using the mid-point assumption of £55 million. By 2022, this would require savings of around 20 per cent of the council's current departmental revenue budgets.

The new Transformation Strategy will require the council to make major changes to the way it provides services

54. The council recognises that significant changes have taken place over the last five years, including:

- changes to technology and communication
- increased community engagement and greater customer expectation
- changes in local, national and international democratic control.

The Cabinet approved a new Transformation Strategy in October 2017. It highlights that the council needs to make further changes to how it runs services and that these will be much more difficult to deliver. The new strategy will encompass the financial plan to 2022 and the continuing transformation process through to 2030 to coincide with the community planning period.

55. The council is working with councillors, staff and communities to help develop the detailed plans needed to implement the strategy. The Head of Finance and ICT and the Head of Housing and Communities are jointly leading on transformation and appointed a dedicated transformation team in January 2018. This comprises seven members of staff, recruited from within the existing workforce.

56. Vibrant Voices is an innovative approach to stakeholder engagement. At various organised events for councillors, staff and communities, and in an online consultation, people were asked to provide suggestions for improving East Ayrshire in the context of the expected funding gap. Ideas were requested in the following areas:

- How do we reduce demand?
- How do we tackle poverty?
- How can we better serve you in the 21st century?
- How do we reduce costs and increase income?

57. At the events, the council clearly communicated the extent of the challenges that it and its partners face around the funding gap, the risks to services and the likely reduction in staff numbers. By February 2018, participants had put forward over 3,500 ideas.

58. In February 2018, the council agreed six transformational workstreams arising from Vibrant Voices, along with initial actions. It is due to report back to councillors in June 2018 with detailed project plans for each of the workstreams. The workstreams are as follows:

1. A fairer, kinder and connected East Ayrshire
2. Workforce planning – cultural change and service redesign
3. A digitally-connected East Ayrshire
4. A vibrant and empowered East Ayrshire
5. Property and estate rationalisation
6. Income and commercialisation.

59. A number of English councils have delivered sustained transformational change on the scale required in East Ayrshire. They have tended to focus on six key requirements and there is some correlation with the council's six agreed workstreams ([Exhibit 7](#)).¹³ Detailed transformation plans showing the contribution each workstream will make in terms of financial savings and impact on priority outcomes are expected to be presented to the council in June 2018. It is essential these are delivered in June as planned, to support successful delivery of the transformation strategy.

60. Given the complexity of the changes required, the council also needs to consider the supporting infrastructure required to deliver the strategy such as:

¹³ Leading Transformation – The English Local Government Experience, SOLACE Masterclass, Improvement Service, October, 2017

- a programme management office (PMO) function
- its change management approach
- tools and templates to assess whether intended benefits of change have been achieved
- whether it requires external specialist support for any aspects of the strategy.

61. The council intends to reassess the size of the funding gap on a regular basis. The reduction in grant funding for 2018/19 was lower than expected. A review is currently underway and it seems likely the range will be narrower than in the first forecast. Closing the gap remains extremely challenging. However, there is evidence from councils in England this can be achieved and the council has already made contact with some of those who have been successful.

The council does not have an organisation-wide workforce plan

62. While the council plans its workforce at a service level, it does not have an overall plan setting out the people and skills it needs to deliver services in future. Our [Local Government in Scotland 2018: Performance and challenges](#) report recommends that organisation-wide workforce plans should include:

- the numbers, cost and skills of the current and the desired workforce
- how the move from the current to the desired workforce will take place and when it will be achieved.

The council is currently developing an organisation-wide workforce plan as part of its transformation work on workforce planning (paragraph 58).

63. The council's People Strategy 2017 to 2022 describes the council's vision for supporting and developing its staff. It sets out the factors it needs to take into account when developing and planning its workforce. For example, staff will need to work more collaboratively, there will be a greater emphasis on prevention and staff will need to use new technologies. The council's new Transformation Strategy also notes the council will be smaller and will employ fewer people.

64. While it needs to undertake further work to determine its future workforce requirements, the council has highlighted some key issues that will influence or support its thinking:

- the need for around 300 new workers to support the Scottish Government's plans for the expansion of childcare provision
- growing demand for care services for older people
- the creation of a consistent, council-wide apprenticeship programme
- working with community planning partners to develop multi-agency, single teams.¹⁴

¹⁴ Development of the Transformation Strategy, Paper to East Ayrshire Council Cabinet, 21 February 2018.

Exhibit 7

Six key requirements for transformational change

Requirement	Description	Design principles
1 A strategic driven response	<p>Determining the size, structure, sourcing approach and governance of the organisation is crucial to successful delivery.</p> <p>Identify the capabilities required and how people will be trained and performance managed around new ways of working.</p> <p>Consider the link between physical location and new ways of working, both in terms of cost savings and enabling future service delivery.</p>	<p>First ask whether someone else is better placed to deliver.</p> <p>Create a flexible and adaptable workforce – whether directly employed or delivering on our behalf.</p> <p>Provide infrastructure and business change required to support agile working.</p>
2 Being a 'place' leader	<p>New arrangements will be required for partnering with other local authorities, the wider public sector, commercial partners, the Third Sector and communities.</p>	<p>Adopt a place-based approach by default, that is, work in partnership with other agencies as a matter of course.</p>
3 Digital data analytics and insights	<p>Determine the best way for engaging with internal and external customers.</p> <p>What are the data requirements underpinning service delivery and how will data be produced and accessed?</p> <p>Set out the systems implications, together with investment and benefit estimates.</p>	<p>Promote the use of digital channels for our services.</p> <p>Prioritise data quality and management in order to underpin decision making with reliable data analytics.</p> <p>Source technology functionality in most effective way, for example, the Cloud, existing public sector investment.</p>
4 Efficiency, productivity and income generation	<p>New standardised processes need to reflect the agreed design, be efficient, effective and scalable.</p>	<p>Redesign all processes supported by new channels rather than adapting legacy processes.</p>
5 Outcome-focused partnership working	<p>Ensure service 'offer' is affordable, customer focused and responds appropriately to demand.</p>	<p>Target our resources on our key priorities and outcomes.</p>
6 Reframing the relationship between the citizen and the state	<p>Understand number, nature and requirements of customers.</p>	<p>Empower citizens and communities to do as much as they can for themselves (demand management).</p>

Part 4

Is the council working well with its partners?



The council is fully committed to empowering its residents. It is helping communities develop the skills and confidence to deal with local needs and priorities.

The council is encouraging people to get involved in making their community a better place to live. There is evidence of communities across East Ayrshire finding solutions to local issues. This has led to community groups having a positive attitude and a sense of control in shaping their own area.

The council includes people in planning services and spending public money. Local people have attended participatory budgeting events, where they decided which projects should receive funding.

Since 2014, the council has transferred responsibility for 44 assets to communities, such as buildings and land. This has given people greater control over services important to them, while reducing costs for the council.

Community planning partners continue to work well together. There are good examples of partnership working in care, economy and roads. The council and the NHS have a well-established partnership, strengthened by the Integration Joint Board (IJB). As is the case across Scotland, the council, the IJB and the NHS are working to resolve funding issues around the balance of care between hospitals and communities.

East Ayrshire's Vibrant Communities team was set up to change the council's relationship with local people

65. The Community Empowerment (Scotland) Act 2015 gives people more influence over how their council and its partners plan services. It provides more formal ways for people to get involved. For example, people can ask to take part in decisions about council services. This is called a Participation Request. The Act makes it easier for communities to take ownership of, or responsibility for, land and buildings in a process known as asset transfers. It also allows communities to have a say in how the council should spend public money locally.

66. East Ayrshire Council fully supports community empowerment and recognises the importance of building community capacity. This means supporting people to be more active in their community. It is about helping people recognise the skills, strengths and experience that exist locally and using these skills to deal with issues most important to local people. The council is doing this through its Vibrant Communities approach.

67. The Vibrant Communities approach began in 2013. It brought together employees from a range of council services including: Leisure Development, Community Learning and Development, Democratic Services, Social Work and

Active Schools. The aim of Vibrant Communities is to move away from the traditional way of working 'for people', to working 'with people'. [Exhibit 8](#) shows the principles of the Vibrant Communities approach. Vibrant Communities focuses on two areas:

- Early intervention and prevention - this is about taking action as soon as possible to tackle problems for children, families and vulnerable people.
- Sustainable communities – this is about empowering and enabling communities to get more involved where they live.

Exhibit 8

Vibrant Communities' vision

The council set out the following principles for Vibrant Communities:

- Take a community development approach to our work
- Listen to our communities and value their knowledge, skills and experience
- Empower communities and build their resilience
- Focus on reducing inequalities in our most deprived communities
- Prioritise prevention and early intervention approaches
- Build sustainability into all work.

Source: East Ayrshire Council

Communities in East Ayrshire have developed local plans, with the council's support

68. The council's community-led action planning approach is a step-by-step process in which any member of a community can participate. People come together to discuss local needs and priorities and then agree actions to improve their local area.

69. Since 2014, the council has supported 18 communities to develop and implement community-led action plans. At the time of this audit, four more plans were being developed. Hundreds of community representatives across East Ayrshire have come together to develop community-led action plans. All community groups follow a similar process to ensure the final plan represents the views of local residents. This includes surveying residents and holding a community event before finalising the plan ([Exhibit 9](#)). Around 40 per cent of all households in East Ayrshire were surveyed as the 18 community-led action plans were developed.

70. Each five-year plan sets out the community's vision, its priorities and needs and the actions it will take to address issues. Actions range from improving local parks and road signs to organising community events and village clean-ups. The community representative groups meet regularly to monitor progress and keep the actions on track. They keep the wider community up-to-date on progress using social media and websites. While the plans are owned and led by various community groups, sometimes they work with the council and its partners to achieve these. Community groups recognise the importance of working with the council, particularly when it comes to broader priorities for the area such as transport and regeneration.

Vibrant Communities staff play a key role in helping communities to develop local action plans

71. Dedicated Vibrant Communities community workers support and guide community representatives to develop and implement their plans. The community worker is the main point of contact between the group, the council and its partners. This approach also gives the council a better understanding of local issues.

72. Community workers also provide advice to the groups, for example putting them in touch with the right council service or advising on how to access external funding. Approaches to funding can include fundraising events and getting support from local business. Community groups can apply for grants the council cannot access. Across East Ayrshire, 213 community projects have received over £5 million of external funding from different sources such as Central Scotland Green Network and the Big Lottery Fund.

73. The Vibrant Communities team also works with local people in disadvantaged areas. For example, Shortlees community in Kilmarnock, which is high on the Scottish Index of Multiple Deprivation (SIMD), welcomed the opportunity to prioritise its local needs. Its community-led action plan, launched in 2015, set out projects aimed at improving the life of people who live in the area. For example residents identified the need for a small community space, open to everyone, where they could hold community activities. Council for Voluntary Organisations East Ayrshire was successful in its bid for funding from the Big Lottery to set up Our Wee Place community hub. This opened in July 2017, providing local people with a place to come together, join in events and learn more about how to get involved in their community, for example by volunteering.

Exhibit 9

Stages in developing a community-led action plan

Groups need to survey all households in the community. They can also survey young people and meet with businesses. Overall, they need a response rate of 40 per cent before going ahead with the plan. This stage can take up to eight months to complete.

- Establish a Community Steering Group
- Develop and distribute a survey to all households in the community
- Prepare a community profile
- Identify and interview stakeholders on a 1:1 or focus group basis
- Analyse responses and collate into a report
- Organise a community event to feed back results and vote on priorities
- Prepare a community event report
- Develop a draft five-year action plan
- Finalise and publish plan
- Launch community-led action plan

Source: East Ayrshire Council

Community-led action plans have brought positive changes for local people

74. There are many examples across East Ayrshire of community groups successfully addressing their local needs and priorities. One example is Mauchline Action Group, which raised £84,000 from different funders to transform underused land in the centre of Mauchline into a Community Growing Garden. The Action Group told us this has led to pride of place and has strengthened community spirit.

[Case study 2](#) is an example of the positive impact community-led action planning has had on a local community in East Ayrshire.

Case study 2

New Cumnock's Community led action plan

New Cumnock's Action Group launched its community-led action plan in 2014. Local people identified a number of areas in the town centre they wanted to redevelop, including the Town Hall and the outdoor swimming pool.

The group asked the charitable organisation, the Great Steward of Scotland's Dumfries House Trust, to help renovate the town hall. They worked together to make sure the new community space would meet the needs of local people. The New Cumnock Action Group consulted with local people to find out what they wanted in the new facilities. It also set up a series of sessions with a representative from Dumfries House to discuss the community's needs. The Trust took ownership of the town hall in 2015 and began work to restore the historic building. Local people were involved throughout and had the opportunity to comment on the design of facilities as these were being developed. Another local community group (Afton Water Leisure Group) set up to run New Cumnock's outdoor pool voluntarily, also approached the Trust to help save this community asset. New Cumnock Action Group, East Ayrshire Council and the Dumfries Trust worked together to achieve the community's priorities. The Trust took over ownership of the pool and began restoration work. The council created a car park for the new facilities.

The former town hall is now a multi-purpose community centre offering lots of activities for local people. The outdoor pool is now open from March to November. As well as providing public swimming and swimming courses for the local community, it is a tourist attraction as it is the only heated freshwater outdoor pool in Scotland.

Source: East Ayrshire Council

Communities across East Ayrshire have taken over local buildings and land and are providing vital services for local people

75. A community asset transfer happens when a council gives over responsibility for a building or land to a community group or social enterprise. The group then becomes responsible for managing and maintaining the building. There are many reasons local people would take on ownership of council facilities, for example to protect a service their community would otherwise lose. East Ayrshire Council's Cabinet approved the Community Asset Transfer policy in October 2012.

76. Vibrant Communities has a dedicated community asset transfer team to help communities apply for an asset transfer. This team offers legal, planning and business advice, and advise on alternative funding streams community groups can access. Since 2014, the council has successfully transferred 44 assets to local groups. Examples include community centres, libraries and golf club buildings. [Case study 3](#) on Ochiltree is an example of how local people came together to take on a local facility people felt was essential to their community.

Case study 3

Community asset transfer: Ochiltree community centre and library

The council announced in May 2013 that Ochiltree Community Centre and Library would be available for community asset transfer. A group of volunteers who believed it was important for the village to have a community centre then set up a steering group. The group surveyed local people and found they also felt strongly about having a centre with community facilities for everyone. This laid the foundations for the Ochiltree Community Hub. The group was established as a Scottish Charitable Incorporated Organisation (SCIO) in October 2014. The village's community-led action plan, which had been launched that year too, also identified a community hub as a top priority.

Ochiltree Community Hub established a formal partnership with the Prince's Foundation for Building Community, a charity founded by HRH Prince of Wales. Together they developed the design for the new community space. The council demolished the buildings that formed the original community centre and library as these were no longer fit for purpose. The council then transferred ownership of the cleared site to the Ochiltree Community Hub. The Hub group worked with various partner organisations to progress the project including, local businesses, National Library of Scotland, Ochiltree and Skares Community Action Group.

They have managed to get over £1.4 million of funding from different sources including, the Big Lottery, Minerals Trust, Leader, Scottish Land Fund, Robertson Trust, Bank of Scotland Foundation. They received confirmation of £352,000 funding from the Regeneration Capital Grant Fund in March 2018.

Source: East Ayrshire Council

The council encourages people to get involved in decisions about services and spending public money

77. Participatory budgeting gives local people the opportunity to decide how public money is spent in their communities. Communities set up events to discuss proposals put forward by local people, before people vote on which project should get the money. This is usually a small amount of money for small-scale projects.

78. The Vibrant Community Investment Team has been working closely with local communities to raise awareness of the participatory budgeting process. With the support of this team, community groups in East Ayrshire led 19 participatory budgeting events in 2016/17 and 250 projects shared £220,000. These have enabled local communities to have a say in where and how money should be spent. For example at the event in Patna, the community voted for £500 to be allocated to the local mother and toddlers' group to provide it with much-needed toys and outings, and they also voted for £2000 to be allocated to a local group to set up exercise classes for older people. Council leaders have agreed that at least one per cent of local government budgets will be subject to a participatory budgeting approach by the end of 2021. This would be equal to £2.3 million for the council.

79. The council consults and engages with its communities about the services it delivers in many other ways, for example it carries out a tenants' survey and a children and young people survey. Also, as part of the CPP, it conducts a residents' survey (paragraphs 38-40). This gives the council useful information about what it should be doing for communities, and helps it to engage with its residents in many ways so it knows what they think about services.

Community planning partners continue to work well together

80. The council and its community planning partners have a strong history of partnership working. Their first joint strategic plan was prepared over 15 years ago, and they continue to work towards a single vision, as set out in their most recent community plan. Both the council and its partners' plans are aligned to the CPP's three strategic themes. CPP meetings are well attended by elected members, officers and partners. There is evidence of both trust and challenge between partners at these meetings. Examples of good partnership working include the new care at home service (paragraphs 44-46) and the council's engagement with the business sector (paragraph 87).

81. Another significant example of the council working well with partners is the Ayrshire Roads Alliance (ARA). Established in April 2014, between East and South Ayrshire councils, the ARA sees the two councils working together to provide roads-related services. We reported positively on the ARA in our 2016 report, [Maintaining Scotland's roads: a follow-up report](#).

82. The percentage of A class roads in East Ayrshire in need of repair fell from 29 per cent in 2011-2013 to 19 per cent in 2015-2017. This has been a stable downward trend over the time period, while the Scottish average has remained fairly stable at around 29 per cent. East Ayrshire is among the best performing councils for this indicator. Over the same time period, the percentage of B roads in need of repair fell from 38 per cent to 34 per cent (Scottish average: 35 per cent). The percentage of C roads in need of repair fell from 42 per cent to 39 per cent (Scottish average unchanged at 35 per cent). As noted at paragraph 29, the percentage of unclassified roads in East Ayrshire in need of repair is in the bottom quartile at 46 per cent in 2013-17.

The council and the NHS have a well-established partnership, strengthened by the East Ayrshire Integration Joint Board

83. The Scottish Government has, over recent years, required councils and the NHS to work more closely together to provide services. New structures have been created, including Integration Joint Boards (IJBs). These IJBs comprise staff from councils and the associated health boards, as well as councillors and other stakeholders. They are responsible for developing strategic plans on how to deliver services. Councils and health boards delegate budgets to the IJB and the IJB decides how to use these funds to achieve the objectives of the strategic plan. The IJB then directs the NHS board and council to deliver services in line with this plan.

84. East Ayrshire was one of the first areas in Scotland to form an IJB (in April 2015). The IJB worked quickly to agree its plan, which reflects both national and local commitments. The partnership recognises that increasing demand, less money and the need to make savings means that it needs to think and work differently. The IJB approved a medium-term financial plan (2017/18 – 2021/22) for the partnership in November 2017. The plan identified an indicative budget gap of around £38 million to 2021/22 with around £21 million of this gap needing to be delivered by radically transforming how the IJB provides services.

85. The IJB has made significant progress to date but recognises that challenging areas remain. In common with other IJBs across Scotland, it has not managed to resolve issues around the 'set-aside budget'. Scottish Government guidance recommends that the NHS Board set aside a budget for large hospital services that are used by the associated IJB population. East Ayrshire was an early adopter of integrated care. But there is no evidence that the NHS set-aside budget is integrated into the IJB's budget.

86. The IJB is looking at ways to provide more care in the community rather than in an acute setting, such as hospitals. It has improved its performance in some important health and social care indicators since the Health and Social Care Partnership (HSCP) was formed in 2015, with more people being supported in the community. But there is increased demand from both community and hospital care.

As a result, pressure on acute hospitals remains high and local health partners do not believe they are in a position to safely reduce these services. This issue applies across Scotland, and the council and its partners have been proactive in attempting to resolve it. Significant challenges remain, however, in delivering the full benefits of integration.

The council engages with the business sector but would benefit from a council-wide business sector engagement plan

87. There are a number of examples where the council is engaging with the business sector in the area, including the following:

- The council recently challenged all nine secondary schools to establish good links with at least ten employers. In 2016/17 the council reported that 367 partnerships were established between schools and local businesses. ¹⁵ Loudoun Academy identified a potential need for engineers due to an ageing population of engineers nationally. It set up a programme where engineering companies visited the school to mentor those children who showed an interest in a career in engineering. It also engaged with the University of Strathclyde and Ayrshire College to provide further support.
- The economic development service has a portfolio of businesses and encourages both employability and business growth.
- Business Gateway, which now has clear links to the council's economic development service, has relocated to a more prominent position in Kilmarnock. As a result of this increased visibility, enquiries from local businesses have doubled.

88. A study on business support was conducted across the three Ayrshire councils and reported to the council in June 2017, concluding:

'The three Ayrshire Councils are currently engaged with, at best, 15% of the business base (some 9,000 companies) and at worst 5%. Particular segments of the business base are 'slipping through the net' which represent significant numbers of companies which could be supported to grow their business.'

'Importantly, evidence of take up of services suggests that 'middle-ground' growth businesses, in particular, have inconsistent access to appropriate services and products. There is therefore a need to recognise this (significant) segment of companies and better target them with the type of support likely to be required by them.'

'Overall number of businesses supported in East Ayrshire is highest of all three Council areas'.¹⁶

89. The CPP's Economy and Skills Delivery Plan and the council's initiative to engage and stimulate business (Invest in East Ayrshire) identify actions and measures of success relating to business engagement. However, they do not include a number of areas we would expect to see in a comprehensive council-wide business engagement plan. For example, they do not capture the current relationships the council has with businesses and there is no assessment of businesses' areas of strength and where improvements could be made. They also do not include feedback from business leaders. The council would benefit from developing these documents further, to include these factors and to set out a prioritised schedule of business engagement.

¹⁵ East Ayrshire Council Annual Performance Report 2016/17, East Ayrshire Council, 2017.

¹⁶ Ayrshire Growth Deal Enterprise: Innovation and Internationalisation Framework: Evidence Base, Report for East Ayrshire Council, Ekosgen, June 2017.

The council is working with North and South Ayrshire councils on an Ayrshire Growth Deal

90. The three Ayrshire councils (East, North and South), submitted an 'Ayrshire Growth Deal Prospectus' to both the Scottish and UK Governments in October 2016. This asked for £350 million to develop a number of projects in the region. These included proposals for aerospace, life sciences, manufacturing and infrastructure. The councils are working with the UK and Scottish Governments to secure funding. The UK Government asked the Ayrshire Growth Deal to demonstrate how it can contribute to delivering the new Industrial Strategy (January 2017). The Scottish Government's 2018-19 budget statement maintained its commitment to 'deliver a regional deal for Ayrshire', setting out it was 'already in discussion' with Ayrshire about a growth deal. The UK budget statement did not promise any financial commitment in 2018 (as it did in other areas) but in March 2018 the UK Government announced it would formally begin talks with local partners for a growth deal for Ayrshire. ¹⁷

91. The Halo Regeneration project in Kilmarnock was included in the Ayrshire Growth Deal. It aims to transform the former Johnnie Walker bottling plant into a site with hundreds of new homes and an energy and innovation hub. The £26 million first phase of the project attracted funding of £5.3 million from the Scottish Government in September 2017 and £3.5 million from the UK Government. The council's contribution is £2 million and contributions from the private sector (Diageo £2 million and the Halo Kilmarnock Ltd £13.2 million) have also been confirmed. Partners believe that the project could create up to 1,800 jobs and add £63 million to the economy.

¹⁷ <https://www.gov.uk/government/news/prime-minister-visits-scottish-cashmere-workers-to-mark-one-year-to-eu-exit>

Part 5

Is the council demonstrating continuous improvement?



The council has a long-established culture of self-assessment and improvement.

The council uses self-assessment to provide assurance on the quality of its services and that it is making good progress toward its priorities. The council addresses any areas that are not meeting expectations.

The council uses the results of external scrutiny to target improvement activity. It also compares its performance to other councils and works with others to share good practice around improvement.

The council continues to invest in self-assessment and improvement activities at strategic, service and partnership levels

92. The council has a long-established culture of self-assessment and improvement, going back to 1998. The council has long-standing arrangements for strategic self-assessment of performance. This exercise assesses and scores the council's arrangements against the ten Best Value criteria, and uses the input of critical friends to develop actions for improvement. These critical friends have both knowledge and experience of services provided by public sector organisations and their partners.¹⁸ The latest strategic self-assessment was completed in June 2016 (previous exercises took place in 2005, 2008 and 2012) and drew on the experience of critical friends; each having significant public sector experience in the strategic themes. As a result of this exercise, the critical friends identified these three issues:

- Impact: the strategic self-assessment did not sufficiently set out the difference made to residents as a result of the council's and partners' actions.
- Partnership working: the 2012-2017 transformation strategy (TS1) focused on the council's financial sustainability, that is, how the council is making sure its financial position is, and remains viable. It did not set out how partnership working might assist in tackling issues.
- Priorities: the council had different sets of priorities set out within its community plan, single outcome agreement and transformation strategy. There is a need for these to be more closely aligned.

¹⁸ The 'critical friends' involved in the 2016 Strategic Self Assessment were Keir Bloomer, Pat Watters and organisational leads from NHS Health Scotland (Alana Atkinson and Wendy Halliday).

The council has been addressing all of these issues using the improvement plan developed as part of the assessment.

93. At a service level, East Ayrshire Council uses the following ways to assess performance:

- Two-yearly European Foundation for Quality Management (EFQM) assessments. These require members of staff from individual services to consider and record their service's strengths and areas for improvement against a standard EFQM question set. A meeting then takes place to agree an improvement action plan. Trained EFQM assessors from different council services and the council's central performance team facilitate discussions and provide support and challenge.
- A three-year programme of Best Value service reviews to identify potential improvements. These are more fundamental assessments, carried out by the service itself with the help of the council's central performance team. They consider the need for the services it provides and the way these services are organised and delivered.

Improvement actions from EFQM assessments and Best Value service reviews are then reflected in annual updates to service improvement plans, where appropriate.

94. An example of where the council's self-assessment processes have clearly contributed to improvements for East Ayrshire's residents is in the level of housing voids. These are empty properties the council owns. The council has been in the bottom quartile for performance in void rent loss and re-let times since 2010/11. EFQM assessments identified how the service could improve. This resulted in a specific improvement action for the housing and communities service to improve performance around housing voids. Three service improvement groups were set up in 2016 to look at allocations and voids, homelessness and sustainability and how the service could maximise its income. Improvements included:

- reviewing all operational procedures for managing voids and allocations
- introducing an estate agent approach to improve the appearance of and promote voids
- increasing performance reporting on voids.

These changes have resulted in the level of rent loss from voids reducing from three per cent in 2015/16 to 1.8 per cent in 2017/18.¹⁹

95. The council also periodically reviews the effectiveness of the self-evaluation tools it uses. The last review of the EFQM assessment approach took place in 2014, and identified areas for improvement such as moving to a more rigorous scoring system and including challenge by a team of internal staff trained as accredited EFQM assessors.²⁰

The council makes effective use of external scrutiny and looks beyond its own boundaries for opportunities to improve

96. The council welcomes external review and scrutiny as an opportunity to identify areas for improvement. For example, when Education Scotland identified weaknesses in a small number of primary school inspections, the council reviewed other primary schools to identify and address any similar weaknesses .

¹⁹ Void performance – summary report, Paper to East Ayrshire Council Cabinet, 24 February 2018.

²⁰ Paper to East Ayrshire Council Corporate Management Team, Performance Management and Improvement Framework. 4 February 2015.

97. As we described earlier in this report, the council works in partnership with other councils in Ayrshire to deliver services. The council, working with the Improvement Service, hosted an event in 2016 to focus on community empowerment. It was well-attended by councils from across Scotland and provided opportunities to share experiences and good practice. The council has also been exploring opportunities to share learning with Wigan Council, which has been implementing a major programme of transformational change.

The council was the subject of positive Best Value reports in 2006 and 2010 and continues to perform well

98. In 2006, East Ayrshire Council was subject to an audit of Best Value and Community Planning. In 2010 it was one of five councils chosen by the Accounts Commission to act as pathfinder audits to test various aspects of its new risk-based approach to Best Value (BV2). Both audits resulted in positive reports highlighting:

- strong leadership
- clear plans taking account of the needs of local citizens
- highly effective partnership working through community planning
- services performing well overall.

Across the two audits the Commission did identify how the council needed to improve in the performance of planning, aspects of social services, and with its partners, in outcomes related to regeneration and health. East Ayrshire Council's Best Value timeline is set out in [Appendix 1](#).

99. Since 2010, the annual risk-based and proportionate Shared Risk Assessment we carry out with other scrutiny agencies has not identified the need for a further audit of Best Value at the council. Across this period the council has continued to perform well, and has improved its performance ([Part 2](#)). The council has also addressed areas we identified for improvement in our 2010 Best Value report. These include developing a new performance management system, aligning resources with strategic priorities and improving training arrangements for councillors.

100. The challenges facing local government have changed significantly since the 2010 report, and the council has succeeded in maintaining its strong performance. ([Exhibit 10](#)). If it is able to effectively implement its new Transformation Strategy, and resolve issues relating to health and social care, it will be well-placed to sustain both services and its performance levels.

Exhibit 10

Comparing selected Best Value judgements, 2010 and 2018

The difference in Controller of Audit judgements between 2010 and 2018 shows East Ayrshire Council is continuing to improve and is well-placed to deliver further improvements.

2010 Controller of Audit judgement	2018 Controller of Audit judgement
<p>Strategic direction: The council and its partners have a clear and ambitious vision for East Ayrshire based on a sound understanding of the area and the needs of local communities. The chief executive provides strong and clear leadership for the council.</p>	<p>The council has strong leadership and, with its partners, has a clear vision for what it wants to achieve for the people of East Ayrshire. Councillors and staff support this vision.</p>
<p>Performance: Services generally perform well and the council has plans to progress areas for further improvement (social services, planning and regeneration).</p>	<p>The CPP's overall performance is improving and the council's performance has improved compared to other councils. The council is addressing the challenges that remain in some areas, including employment and planning.</p>
<p>Resources: The council manages its resources well, and continues to develop its approach to making the most of its people, money and property in support of delivering the partnership's strategic priorities.</p>	<p>The council has effective financial planning and management arrangements and has saved £34 million in the last five years. It faces a significant funding gap over the next five years. It has set out early options on ways to make savings and deliver services in its new Transformation Strategy. It recognises it has a lot to do to implement the strategy in the planned timescale.</p>
<p>Working with partners: Partnership working is highly effective, and is helping to deliver improved services. However, some longer-term outcome indicators remain below the national average – economic regeneration and health.</p>	<p>The council continues to work well with its partners. There are good examples of effective partnership working in care, the economy and roads. The council and the NHS have a well-established partnership, but need to resolve issues around resourcing a shift of relevant hospital care services into a community setting.</p>
<p>Community engagement: The council and its partners have well-developed arrangements for engaging with local communities. Customer satisfaction is generally good, but needs attention in some areas of service delivery, which the council is now addressing.</p>	<p>The council is fully committed to empowering its residents. It is helping communities to develop the skills and confidence to deal with local needs and priorities. The 2017 residents' survey reported high levels of satisfaction with most services provided by the council.</p>
<p>Continuous improvement: There is an embedded culture of continuous improvement and a well-established and comprehensive approach to self-evaluation and review, which has resulted in improvements to processes and impact in important areas. The council has a good track record of delivering improvement and so is well-placed to continue to do so</p>	<p>The council has a long-established culture of self-assessment and improvement. The council uses self-assessment to provide assurance on both the quality of services and that it is making good progress toward its priorities. The council looks beyond its own boundaries for opportunities to improve.</p>

Source: Audit Scotland; and Best Value 2 pathfinder audit: East Ayrshire Council, Accounts Commission, April 2010.

Recommendations



The council's latest Transformation Strategy provides a good basis for the future sustainability of council services. In order to meet the challenges ahead, it is essential that the council delivers the detailed plans needed to implement the strategy in June, as planned. The council should put in place appropriate arrangements to support, monitor and deliver the expected outcomes. This includes:

- creating a programme management office to coordinate people and activities
- developing tools to assess whether the council has achieved its aims
- determining and securing the skills necessary to implement the strategy. (paragraphs 58-60, page 25)

The council should develop an organisation-wide workforce plan, including information on:

- the numbers, cost and skills of the current and the desired workforce
- how the move from the current to the desired workforce will take place and when it will be achieved. (paragraphs 62-64, page 26)

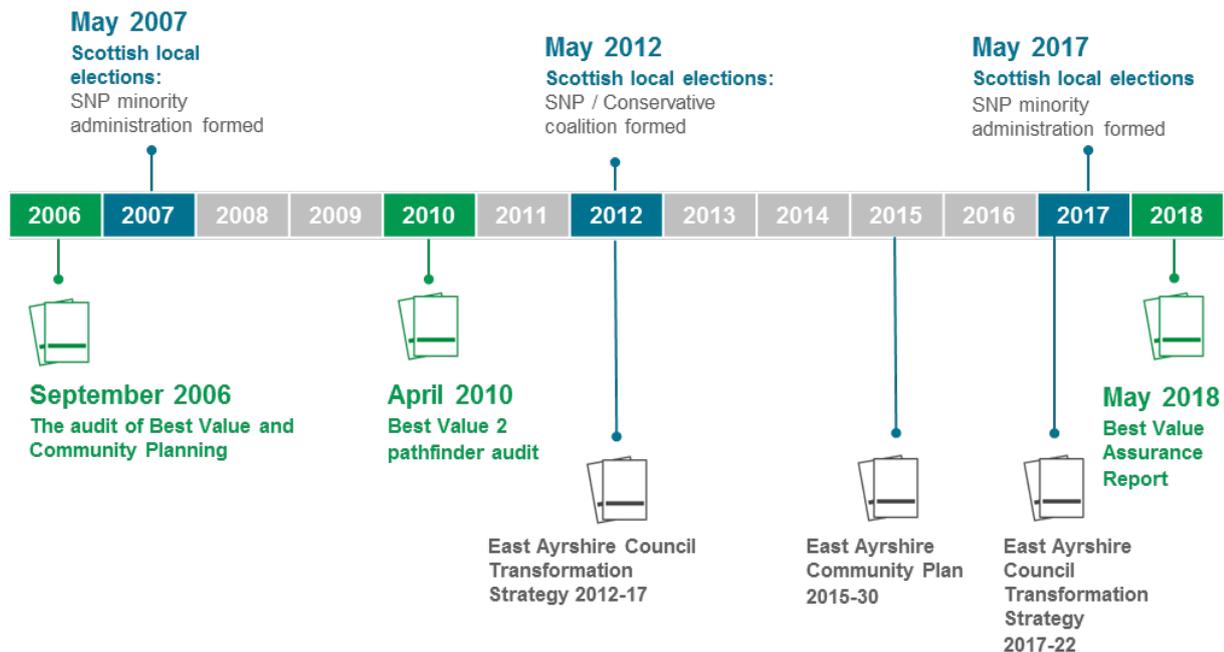
Strong relationships exist between the council, the IJB and the NHS in East Ayrshire. These should be used to help the council, the IJB and the NHS resolve issues around resourcing a shift of relevant hospital care services into a community setting, recognising this is a national issue. (paragraphs 84-86, page 34)

The council should examine how its approach to reducing demand for services, for example the development of its 'front door' services, could be extended to other areas of its work. (paragraphs 44-47, page 21)

The council should develop a council-wide plan for working with the business sector. This should build on the CPP's delivery plan for economy and skills and the council's 'Invest in East Ayrshire' initiative, and specify how such work will take place in each relevant service area, and how the council will coordinate and monitor activity. (paragraphs 87-89, page 35)

Appendix 1

Best Value audit timeline



September 2006 – The audit of Best Value and Community Planning:

The Accounts Commission (the Commission) published its first Best Value report on East Ayrshire Council in September 2006. It found the council was characterised by strong and effective leadership from its senior management and was developing a culture of continuous improvement throughout the organisation. It was focused on meeting the diverse needs of its communities, and was enthusiastic and innovative in working with a range of partners through Community Planning. Progress had been made in performance management and other essential elements of Best Value. However, further development was required, such as linking service and budget planning and more balanced reporting on service performance.

April 2010 – Best Value 2 pathfinder audit:

East Ayrshire Council was one of five councils chosen by the Commission to act as pathfinder audits to test various aspects of its new risk-based approach to Best Value (BV2). The Commission found services in East Ayrshire were performing well overall and partnership working within the council area was highly effective. The council and its partners had clear plans rooted in an awareness of the needs of local citizens. However, the Commission identified that improvement was needed in aspects of social services and planning.

May 2018 – Best Value Assurance Report:

The Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. The report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities.

East Ayrshire Council

Best Value Assurance Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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MEETING: 10 MAY 2018

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: FIFE COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Fife Council.

Background

2. The attached Best Value Assurance Report is the eighth such report presented to the Commission.
3. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report on each council at least once during the five-year audit appointment and also by Best Value being reported in annual audit reports.

The Controller of Audit report

4. The Best Value Assurance Report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.
7. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - direct the Controller of Audit to carry out further investigations

- hold a hearing
 - state its findings.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

10. The Commission is invited to:

- a) consider the Controller of Audit's Best Value Assurance Report on Fife Council;
and
- b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
2 May 2018

Fife Council

Best Value Assurance Report



Prepared for the Accounts Commission by the Controller of Audit

May 2018

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

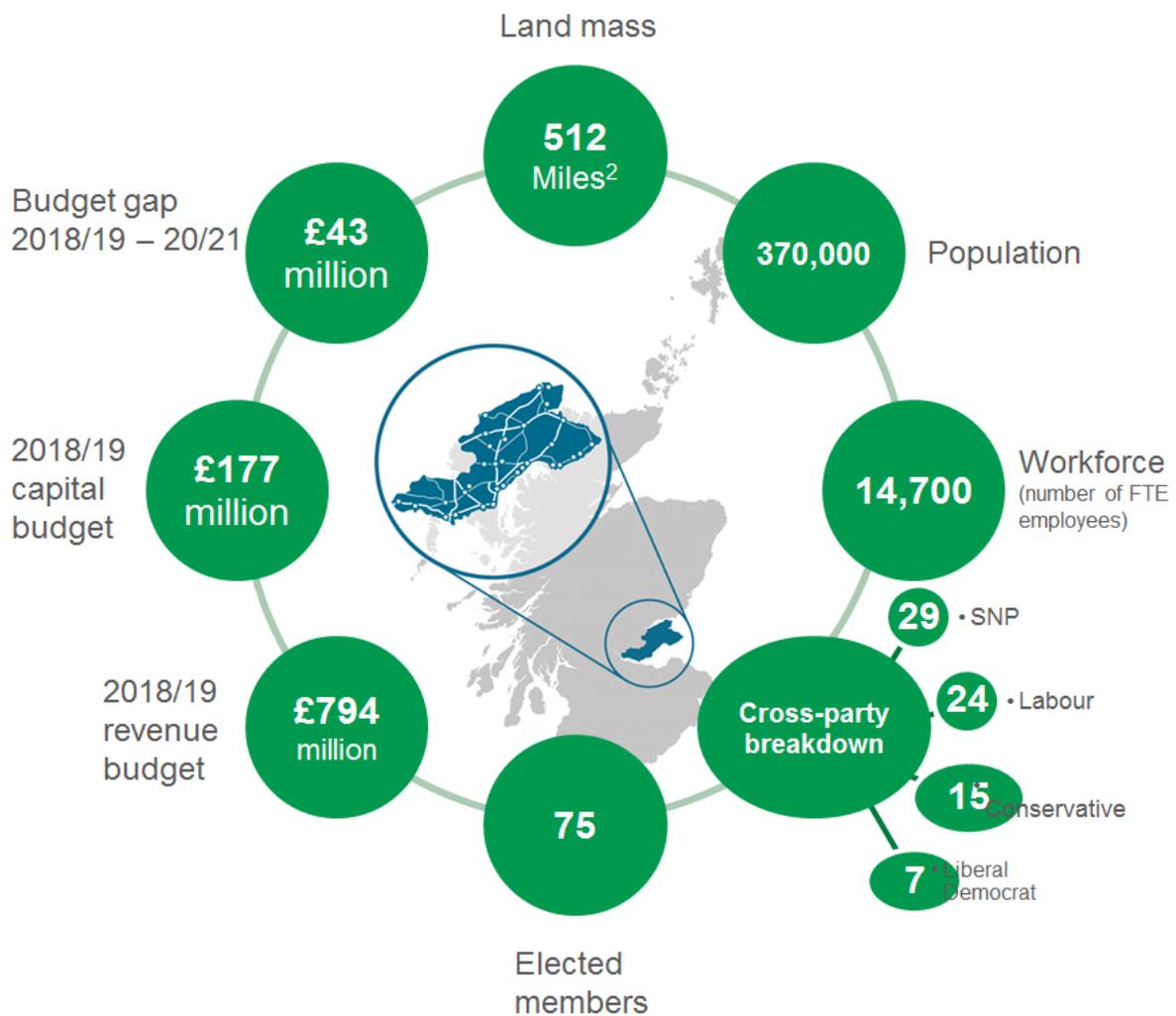
You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Key facts	4
Audit approach.....	5
Key messages	7
Part 1	8
Does the council have clear strategic direction?.....	8
Part 2	12
How well is the council performing?	12
Part 3	18
Is the council using its resources effectively?.....	18
Part 4	24
Is the council working well with its partners?	24
Part 5	29
Is the council demonstrating continuous improvement?	29
Recommendations.....	33
Appendix 1	34
Best Value audit timeline	34
Appendix 2.....	35
Endnotes	35

Key facts



Notes:

Revenue budget = the annual cost of running the council. Capital budget = the cost of investing in assets.

Budget gap 2018/19 – 2021/22: over the course of these financial years, the shortfall between the cost of running the council at today's level and the income that the council's forecast of its income in future.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process forming part of a council's annual audit. Audit conclusions are reported through the [Annual Audit Report](#), addressed to the Controller of Audit and the councillors. The Controller of Audit will also present a Best Value Assurance Report (BVAR) to the Accounts Commission at least once during the five-year audit appointment for each council.

2. We look for a council to demonstrate Best Value by showing continuous improvement in how it delivers on its priorities. The pace, depth and continuity of improvement are key to how well a council meets its priorities in future. Our work covers many Best Value characteristics in the statutory guidance but does not attempt to cover them all. Our audit approach is proportionate and risk-based, meaning that it reflects the context, risks and performance of an individual council. It also draws on information from previous years' audit and scrutiny work.

3. A report on [Best Value and Community Planning by Fife Council](#) was last published in 2009.¹ This current report is the first BVAR on Fife Council under the revised audit arrangements we introduced in 2017. It aims to provide the Accounts Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's Strategic Audit Priorities covering:

- the clarity of the council's priorities and the quality of long-term planning to achieve these
- how effectively the council evaluates and implements options for significant changes in delivering services
- how effectively the council ensures that councillors and officers have the right knowledge, skills and time to lead and manage how services are delivering priorities
- how effectively the council involves residents in decisions about services
- the quality of the council's public performance reporting to help residents gauge improvement.

4. In this report, we show how we assessed Fife Council's improvement over time and our conclusions are reflected in the [Key Messages](#) on page 7. We did initial work to gauge the audit's scope by reviewing previous audit and inspection reports and council documents; meeting senior council officers; and drawing on our wider public sector knowledge and experience.

5. [Exhibit 1](#) on page 6 shows the areas we decided to focus on. We assessed detailed evidence between December 2017 and March 2018. We:

- interviewed councillors and senior officers
- observed council, committee and partnership board meetings

- reviewed documents and performance data
- held focus groups with councillors and officers.

6. We gratefully acknowledge the cooperation and assistance provided to the audit team by councillors, officers and the council's partner organisations. As part of the annual audit of the council, our future work will follow up on this report's findings and recommendations. It will also include more detailed audit work on other Best Value areas as appropriate.

Exhibit 1

Key areas of focus for our audit

The audit considered a broad range of issues.

Area of focus		
 <p>Vision and strategic direction, including:</p> <ul style="list-style-type: none"> • What the council is trying to achieve. • The 'Plan for Fife' and its fit with locality and neighbourhood plans. • Operating arrangements of the joint political administration. 		Part 1
 <p>Performance, including:</p> <ul style="list-style-type: none"> • Overall progress on performance. • Reports by organisations that independently inspect council services. • Investment in Children and Families services to improve outcomes. • Performance management and reporting arrangements. 		Part 2
 <p>Use of resources, including:</p> <ul style="list-style-type: none"> • The revenue and capital budgets. • Programmes to reduce the number of council offices and depots. • The council's workforce. 		Part 3
 <p>Partnership working, including:</p> <ul style="list-style-type: none"> • The Community Planning Partnership. • Arm's-length external organisations. • Community empowerment and community asset transfers. • City Deals. 		Part 4
 <p>Continuous improvement including:</p> <ul style="list-style-type: none"> • The council's overall direction, depth and pace of change. • Self-assessments, key areas of emphasis, and action arising from them. • The use of technology to give citizens new ways of interacting with the council and delivering services. 		Part 5

Note: Community planning is the process by which Scottish councils and other public bodies work with their local communities, business and the voluntary sector to plan and deliver ways of improving people's lives. City Deals are a UK initiative to help improve a local area's economy. Funding contributions are provided by the local authorities involved, and the UK and Scottish Governments.

Source: Audit Scotland

Key messages

- 1. The council has maintained good progress since its last Best Value report in 2009. It has a well-developed approach to continuous improvement, using a range of tools and methods to review its processes and performance. The council has introduced a new programme to empower its workforce and foster an improvement culture.**
- 2. The council and its community planning partners share a clear strategic direction through their joint commitment to the Plan for Fife. The council has undertaken extensive research into the Fife area and engaged with communities to ensure that it understands the issues and challenges. It still needs to develop delivery plans with specific actions, and finalise performance monitoring arrangements.**
- 3. Members and officers demonstrate effective leadership and there are signs that the joint administration is working well.**
- 4. The performance of council services continues to improve and broadly tracks national trends. The council focuses on improving areas of weaker performance, including aspects of education and social work, prioritising outcomes such as reduction of inequality.**
- 5. The council has reviewed and implemented improvements in how it uses key resources including finance, staffing and assets. This includes the development of effective long and medium-term financial planning arrangements.**
- 6. There are good examples of the council implementing service change. By reducing its numbers of offices and depots, it has delivered financial and operational benefits. It developed a new Care at Home digital scheduling system that has made the service more efficient and delivered savings, while delivering more home care visits.**
- 7. The council uses a varied range of tools to involve communities in decision-making, including plans to expand participatory budgeting.**
- 8. The Fife Health and Social Care Partnership faces significant financial and service redesign challenges in the short to medium-term and the pace of change of service redesign will need to increase. The council will need to work with its partners to deliver this.**

Part 1

Does the council have clear strategic direction?



The council and its partners share a clear vision and elected members are working well together

Fife Council faces a wide range of challenges including an ageing population and the level of inequality within the area.

The council and its partners have agreed priorities in a Plan for Fife. This is based on extensive research and working closely with communities.

There are signs that the council's joint administration is working well, and the corporate management team provides effective leadership.

Fife Council faces numerous challenges

7. Across Scotland, councils' financial challenges continue to grow. Successive annual funding reductions have been compounded by increasing costs and demands on services. The financial outlook remains challenging, with the need to achieve savings being increasingly critical to councils' financial sustainability.²

8. Fife is in east central Scotland and Scotland's third most populous council area, with 370,000 residents. Its 1,325 square kilometres (512 square miles) contain a mix of rural and urban areas but no major city. Traditionally, its economy relied heavily on mining and defence industries. The south and west are dominated by urban areas and an industrial economy while the east and north are mainly rural and agricultural. Two thirds of people live in the larger towns: Dunfermline, Glenrothes, Kirkcaldy and the group of towns forming Levenmouth.

9. Forecast changes in Fife's demography broadly mirror trends across Scotland and will require public bodies to make difficult decisions about the costs of providing public services to differing age groups among diverse, evolving communities. Between 2016 and 2041, the total population is forecast to rise by 2.6 per cent (compared to 5.3 per cent for Scotland). However, in contrast to Scotland as a whole, the working age population is projected to decrease by 2.6 percent (+1.1 per cent for Scotland), with the number of people aged 75 or over rising by 83.5 per cent (+78.6 per cent for Scotland).

10. One of the most significant challenges in Fife is the level of inequality within the area. For example:

- One in three of the working age population in Fife's most-deprived areas claims benefits compared to one in 20 in the least-deprived areas.
- In some communities, over 50 per cent of children are living in income-poverty.³

Within 20 years, Fife will have 84 per cent more residents aged 75 or over

Source: National Records of Scotland

- Life expectancy in some communities is eight years less than in others.
- People in the most-deprived areas are twice as likely as those in the least-deprived areas to die before they reach 75 years.⁴

The council understands its key challenges

11. The council and its community planning partners have extensively researched the needs of Fife's communities to inform the partnership's priorities. Fife Council has a leading role in Fife's community planning partnership (CPP), known as the Fife Partnership Board. The board draws members from a wide range of local and national organisations including NHS Fife, Police Scotland, Fife College and Fife Voluntary Action.

12. In September 2014, the council established the Fairer Fife Commission to provide advice and insight into priorities for tackling poverty and inequality. The Commission's report in November 2015 identified 40 recommendations on how the public, private and voluntary sectors could work together towards a 'Fairer Fife'.⁵ The report was approved by the Fife Partnership Board in December 2015 and the recommendations have been reflected in the 'Plan for Fife' adopted by the council and its partner bodies, which outlines 12 headline ambitions for a fairer Fife.

13. In 2016 the council asked residents how they viewed where they live in Fife ([see para 77](#)) and the results of this informed the Strategic Assessment by the council in February 2017. The Strategic Assessment found that::

'Overall, Fife is doing adequately well, rather than exceptional[ly]. There are of course a range of very impressive, even ground breaking initiatives, but these are perhaps not achieving the scale or impact we aspire to. The result is that for the most part, we track with rather than buck national trends in community planning indicators. These average figures across Fife can hide very different stories at a local level. The typical experiences, expectations and life chances of someone living in one of our most challenged communities can be hugely different to those in well off communities.'

The council and its partners share a clear strategic direction

14. The council and its partners share a clear, ambitious strategic vision. By 2027, the CPP 'want Fife to be a place where all residents live good lives, make informed choices and have a sense of control so that they can reach their full potential, and where all children are safe, happy and healthy. We also want Fife to be a place where we make best use of our assets and facilities, while sustaining them for future generations.'⁶

15. The Community Empowerment (Scotland) Act 2015 (the act) requires a CPP to produce the following plans:

- A Local Outcomes Improvement Plan (LOIP) for the whole council area.
- A Locality or Neighbourhood Plan – where necessary, for high-priority communities with specific needs. The Scottish Government expects CPPs to prioritise the adoption of neighbourhood plans.

16. In addition to the above Fife also has 'Local Community Plans' for each of the seven area committee areas that sit between the LOIP and Neighbourhood plans.

17. The LOIP for Fife is set out in the 'Plan for Fife', as approved by the CPP in November 2017. This clearly sets out four priority themes for the work of the

council and its partners ([Exhibit 2](#)). The four priority themes have been translated into 12 ambitions, supported by 24 areas of focus. Supporting the Plan for Fife is a Local Community Plan (LCP) for each of the council's seven administrative areas. The council is currently progressing Neighbourhood plans for priority areas. The Templehall Neighbourhood Plan was the first to be developed and has been endorsed by the Templehall Neighbourhood Development Group.

Exhibit 2
The four priority themes of the Plan for Fife

The planning framework will link the Fife-wide vision, target outcomes for Fife, seven Local Area Plans, and Neighbourhood Plans for specific priority communities such as Templehall.

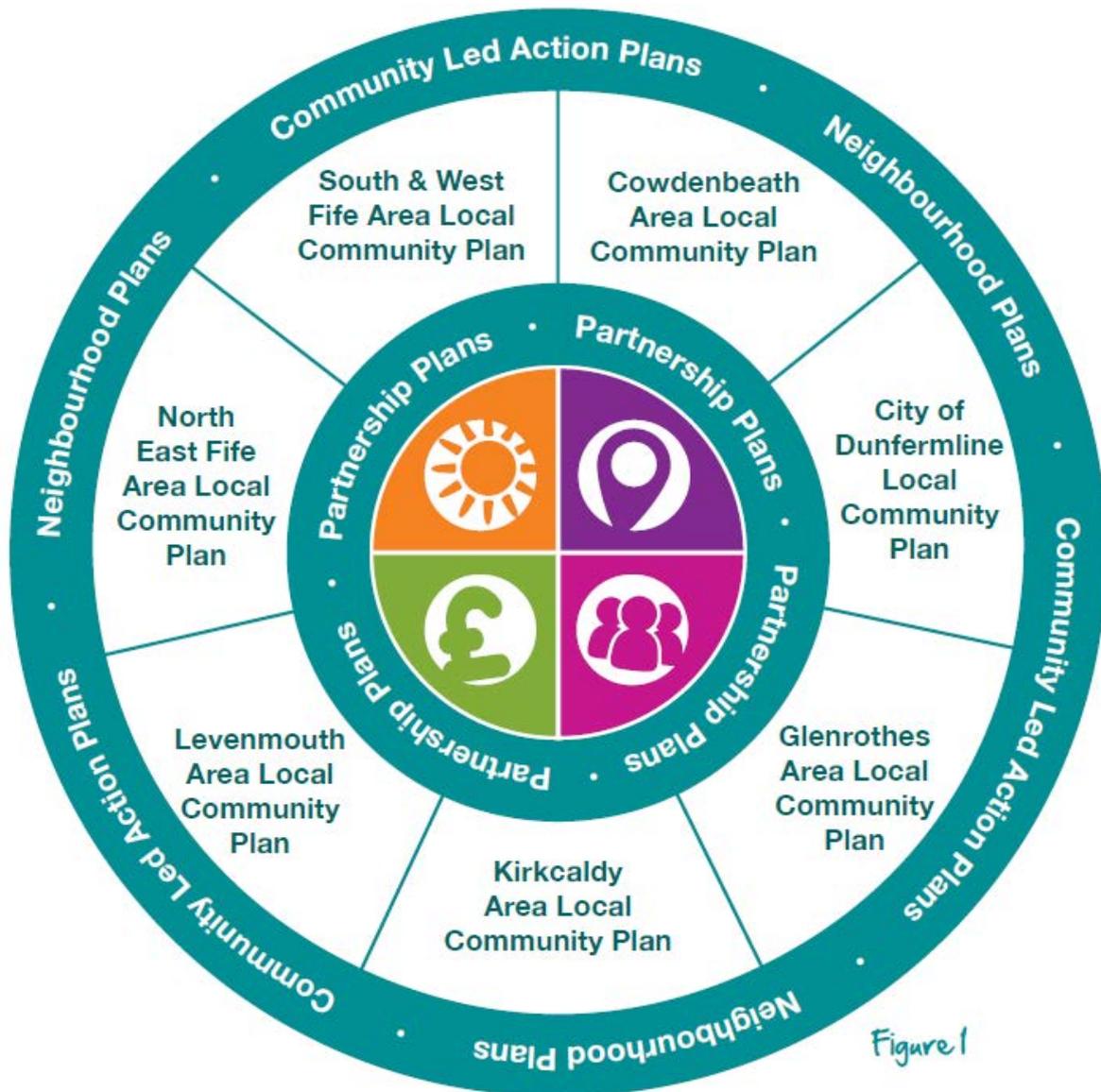


Figure 1

Source: Fife Community Planning Partnership and Fife Council

Members and officers demonstrate effective leadership

18. Following the local elections in May 2017, no political party in Fife had a majority and a decision was taken to form a joint administration between 29 SNP councillors and 24 Labour councillors. The two parties agreed a Programme for

Administration and each contributed a Co-Leader. The Programme for Administration was agreed for one year only, although it seems likely to continue.

19. There are constructive working relationships between the Administration groups and an acceptance of the wider case for change. Members of the joint administration meet regularly to consider policy matters, inviting officers to attend as appropriate. There have been no major conflicts among elected members on the council's priorities or budget.

20. A revised committee structure was introduced in May 2017, featuring seven local area committees and six strategic committees – including a Policy and Coordination Committee – and a Scrutiny Committee. The seven area committees have been operating since 2007 and play an important role in linking work in local communities with corporate management of the council. They have delegated responsibility for some revenue and capital budgets.

21. There is clear leadership by the officers in the corporate management team. Each council directorate is headed by an executive director, who, together with the chief executive and the director of health and social care, collectively form the Council Executive Team (CET). The CET meets informally each week and formally twice a month (including monthly as a formal Change and Financial Strategy Group). The chief executive meets weekly with the co-leaders to discuss policy matters. The CET provides clear leadership within the council's management structure, and its role in supporting community planning work is valued by the board of the Fife Partnership.

Part 2

How well is the council performing?



The performance of council services continues to improve and broadly tracks national trends

Performance varies across services. Areas of relatively weaker performance overall include aspects of education and social work and these are reflected in priorities and strategies for improving performance.

Outcomes for pupils from the most deprived areas have improved more than the national average. The council will now use these improvement strategies to improve outcomes for a wider group of young people.

The Council has adopted a new evidence-based Children's and Families strategy and is beginning to deliver improved outcomes.

The council and its partners are starting to turn the Plan for Fife into a programme of specific, outcome-focused improvement actions. These will be a foundation of the planned performance measurement and reporting framework.

The council's performance is improving

22. In November 2017, the council issued a public performance report (PPR) on its performance in 2016/17.⁷ The information included a Red, Amber, Green (RAG) assessment of its performance on 56 measures relating to three high-level target outcomes ([Exhibit 3](#)).

Exhibit 3

The council's performance in 2016/17 on its own performance targets

Over half of performance targets (29) were met but eight were 'significantly off target'.

Target outcome		Total number of measures	Significantly off target	Slightly off target	On/Better than target
Increase employment		9	4	1	4
Reduce inequalities		45	4	17	24
Tackle climate change		2	0	1	1
Overall		56	8	19	29

23. Over half of the performance targets (29) were delivered. Eight indicators (14 per cent) were significantly 'off target', according to the council, including:

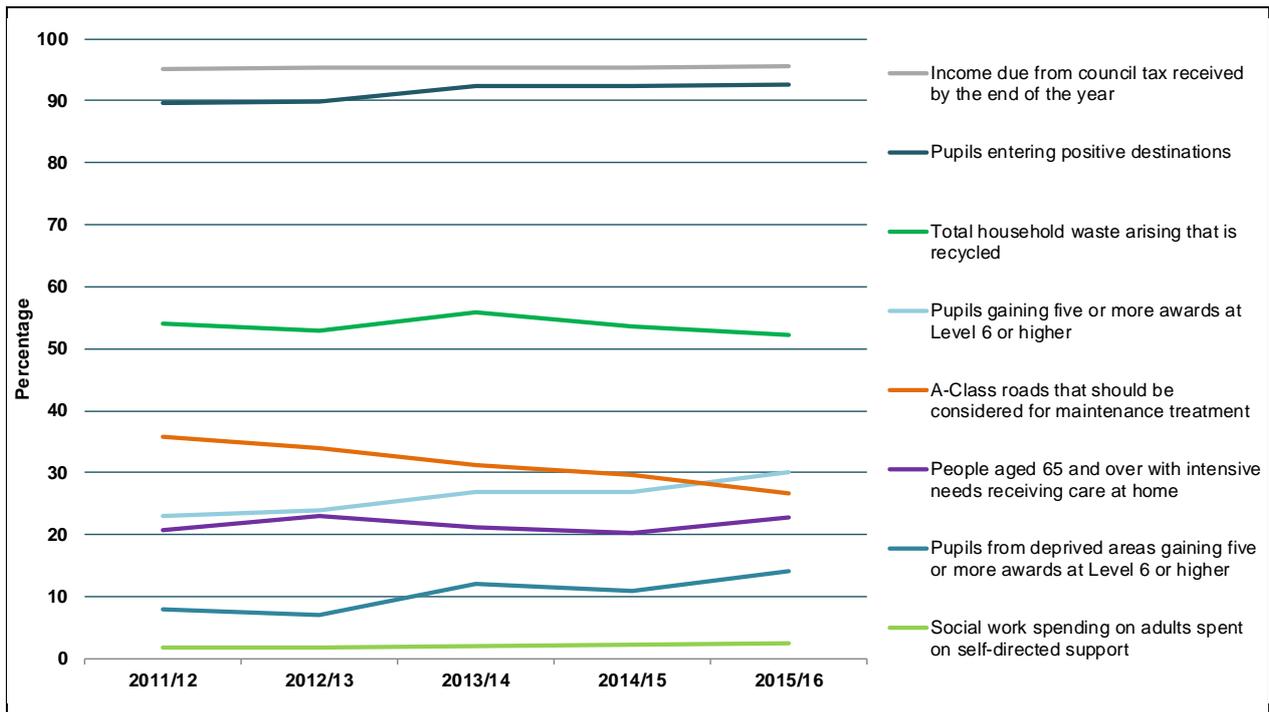
- **Increase employment:** number of new business start ups; the time spent dealing with complex planning applications; difficulty in letting large vacant retail units; and the value of investment in major town centres
- **Reduce inequalities:** challenges with rehousing homeless people; the proportion of households that are fuel-poor; the level of adults who do volunteer work; and the proportion of people living in relatively deprived areas who agree that the council provides high-quality accommodation.

24. The *Local Government Benchmarking Framework* (LGBF) allows a council to compare itself against the Scottish average. The Accounts Commission's report, *Local Government in Scotland: Performance and Challenges 2018*, selected eight LGBF indicators that give an indication of a council's performance in services likely to matter to the public.⁸ Since 2011/12, the council's performance has improved on all eight indicators ([Exhibit 4](#)).

Exhibit 4

The council's performance trend, 2011/12 to 2016/17 – eight selected indicators

Since 2011/12, the council's performance has improved on all eight indicators.



Source: Audit Scotland and Local Government Benchmarking Framework, Improvement Service, 2016/17

Performance was better than the Scottish average on nearly half of indicators in 2016/17, but worse than average on a third of them

25. The council found its performance in 2016/17 was above the Scottish average on nearly half (48 per cent) of 71 LGBF indicators ([Exhibit 5, page 14](#)). This was a little short of its objective to perform above average on more than half of LGBF indicators in 2016/17.

Exhibit 5

The council's view of its performance in 2016/17 on LGBF indicators

The council found it was better than average on nearly half of indicators and stable or improving on over three quarters.

Compared to the Scottish average		Total	Declining	Stable	Improving
Better than average		34 indicators (48 per cent)	5 indicators (7 per cent)	10 indicators (14 per cent)	19 indicators (27 per cent)
Same or only very slightly worse		14 indicators (20 per cent)	5 indicators (7 per cent)	2 indicators (3 per cent)	7 indicators (10 per cent)
Worse than average		23 indicators (32 per cent)	5 indicators (7 per cent)	2 indicators (3 per cent)	16 indicators (22 per cent)
Total		71 indicators	15 indicators 21 per cent	14 indicators 20 per cent	42 indicators 59 per cent

Source: Fife Council

26. On five of the 71 LGBF indicators the council's performance was worse than the Scottish average and was also declining.

- The average total tariff for pupils in SIMD quintile 4.⁹
- The level of sickness-absence among teachers.
- The cost of trading standards and money/citizen's advice.
- The level of gross rent arrears.
- The number of Business Gateway start-ups.

Performance varies across the services, with education and social work showing a relatively weaker performance overall

27. Services generally have a mix of indicators that are above, below and in line with the national average.

- Environmental services has the most indicators (14 out of 15) that score above the national average
- Four out of five economic development indicators are improving, with three higher than the national average
- Education and social work have the most indicators that are below the national average (Education: 13 out of 22, adult social care: 4 out of 6).

28. For both education and adult social care, the council generally provides services at a lower cost than the national average, but performs below the average on other performance indicators. Priorities for improvement are identified by the council based on the performance of services relative to a range of appropriate benchmarks, including Education Scotland's 'virtual comparator' for school outcomes.

There is a clear link between areas of under-performance and the council's future priorities and investment

29. The council recognises where its performance is weaker and its priorities and strategies aim to improve these aspects. These focus on reducing inequalities for those people in the most-deprived areas and categories. The council's investment in its Children and Families Strategy illustrates it setting out to improve outcomes for looked after children as well as address rising costs ([Case study 1](#)).

30. In education, the council recognises that performance on attainment measures overall are below the Scottish average. However, it is focusing on working towards its ambition of closing the poverty-related attainment gap, and improving employability and key literacy and numeracy skills for those young people from the most-deprived communities. Tools used by the council and schools include the raising attainment strategy, self-assessment framework and a literacy strategy. The council can demonstrate improved outcomes following this action:

- Over the last five years the percentage of Fife school leavers from SIMD deciles 1-3 who progressed to a positive initial destination has improved at a faster rate than the national average. It is now slightly higher than the national average. For looked after children in Fife, the percentage has increased by 20.7 per cent over the five years, compared to 6.1 per cent for Scotland, and again is now higher than the national average.
- Attainment in literacy and numeracy for Fife school leavers from SIMD deciles 1-3 has improved at a faster rate over the last five years than the Scottish average.

31. The council now plans to use this evidence of the success of its improvement methodology to widen the improvement to a broader range of young people. This should help to improve the overall attainment scores.

Case study 1

The council has invested significant time and resources in improving its social work services for children and families



Fife Council adopted a new Children and Families social work strategy in January 2015. It aimed to shift the balance of care so more children are looked after safely at home or in kinship care, rather than in foster care or residential care. In kinship care, a child is looked after by a relative or someone well known to the child.

Increasing costs and demands for services had often led to budget overspends. The council wanted to improve outcomes for children and families as well as provide a more sustainable service. The new strategy drew on evidence such as data, trends and comparisons with other councils. The council recognised that it needed more capacity to engage in preventative work – that is, working with children and families earlier to identify potential problems and take appropriate actions.

The council decided to invest £39.4 million in implementing the strategy, including a significant amount for recruiting new social workers. It worked with North Lanarkshire Council, which it identified as an example of good practice. It also worked with colleges to encourage newly-qualified social workers to join the council, and there was a successful campaign to recruit foster carers.

There are signs that outcomes are improving. For example, the number of looked after children has reduced since 2015; the number of social workers rose from 78 in 2015 to 140 in 2018. Caseloads have significantly reduced, so that social workers have more time to spend on prevention work and the Children and Families budget for 2016/17 was underspent.

There is a mixed picture on residents' satisfaction with services

32. The Fife People's Panel comprises people who have volunteered to help improve Fife by giving their opinions and observations on various public issues. It was launched in June 2006 and is organised by the Fife Partnership. Residents can apply to be panel members via the website, and regular checks are carried out to ensure its make up remains representative. By using the panel, the partnership minimises duplication of consultation work.¹⁰

33. Panel members' satisfaction levels have varied widely among a range of council services that are predominantly about Fife's physical environment and leisure services. In 2016, 97 per cent of respondents were 'fairly satisfied' or 'very satisfied' with their access to Fife's countryside, coastline and beaches. By contrast, only 53 per cent of respondents were satisfied with town centres – a sharp decrease from 71 per cent in 2014. From 16 indicators for which comparable data are available for both 2014 and 2016, the satisfaction level increased on eight indicators and decreased on the other eight.

34. Council house tenants are more satisfied than they were three years ago. Housing Services has a tenant participation strategy and has increased the number of tenant participation officers.

35. The LGBF measures satisfaction with council services. Fife performs generally in line with the Scottish average for these measures, with six of the eight indicators showing 75 per cent satisfaction or above:

- Percentage of adults satisfied with schools: Fife: 75 per cent, Scotland 73 per cent.
- Percentage of adults receiving any care or support who rate it excellent or good: Fife 80 per cent, Scotland 81 per cent.
- Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life: Fife 82 per cent, Scotland 84 per cent.
- Percentage of adults satisfied with: Leisure services: Fife 76 per cent; Scotland 73 per cent. Libraries: Fife 70 per cent; Scotland 73 per cent, Museums: Fife 64 per cent; Scotland 70 per cent. Parks and Open Spaces: Fife 86 per cent; Scotland 87 per cent.
- Percentage of adults satisfied with waste collection: Fife 83 per cent; Scotland 79 per cent.

Reports by inspectorates have been positive

36. The Care Inspectorate led a joint inspection of services for children and young people in Fife, between August 2015 and October 2015. It found that 82 per cent of the quality indicators it evaluated were 'very good' or better and 11 per cent were 'excellent'.¹¹ The inspection found that the Fife Partnership's strategic focus on reducing inequality was already having a positive impact on outcomes for Fife's disadvantaged children and young people.

37. The council has performed well in inspections by Education Scotland of its early learning and childcare, and its primary and secondary schools in 2016/17:

- For early learning and childcare, 79 percent of the quality indicators evaluated were rated 'good' or better.
- For primary and secondary schools, 53 per cent of the quality indicators evaluated were rated 'good' or better.^{12, 13}

38. In February 2018, Education Scotland assessed four quality indicators as part of its inspection of community learning and development in Fife Council, with three rated as 'very good' and one as 'good'.¹⁴ The inspection found two areas for improvement: there was scope for improving the 'community voice' at area and strategic level; and planning could have been strengthened to better inform continuous improvement and capture progress.

New performance management arrangements are being developed

39. In 2009, the Accounts Commission said '*For the future, we consider it essential that effective performance information is in place to underpin improvements in service delivery.*'

40. Since 2009, the council has improved its approach to providing performance information to elected members and the public. The 2016/17 year was the final period that the council reported its performance against the previous council and community plans. The council produced an accessible, graphics-rich summary of selected performance highlights along with a comprehensive and detailed analysis. The information was provided to the Fife Partnership Board in November 2017; Fife Council's Scrutiny Committee in December 2017; and published on the council's website.

41. The performance management framework that the council has since proposed for the Plan for Fife includes different levels of monitoring and reporting:

- An annual State of Fife report will address a set of high-level indices about how the important aspects of life in Fife are fairing.
- Progress in delivering the four outcomes and 12 ambitions in the Plan for Fife will be reported annually to the Fife Partnership Board and relevant council committees.
- The expected change against each of the 24 areas of focus will be monitored, with a clear statement of the expected change over the first three years of the Plan for Fife.

42. The development of a performance framework is a significant step for the council and its partners, but they are yet to develop indices that will be used to assess a baseline position.

43. In order for the monitoring of the expected change in the 24 areas to be effective, the council with its partners should set out the key actions they need to take. These actions should be clear and measurable, with a target implementation date. It will also be important for public performance reporting to provide residents with clear information on the council's performance.

Part 3

Is the council using its resources effectively?



The council has reviewed and implemented improvements in how it uses key resources including finance, staffing and assets

The council has a long term-financial strategy based on a relatively sophisticated model of demand and cost pressures.

The council has balanced its budget without using money set aside as reserves.

The council has a comparatively low, but adequate, level of reserves that is based on an analysis of the financial risks it faces.

An expansive capital programme has increased the council's level of borrowing, but this remains affordable. The council has invested significantly in housing.

Reducing the number of council depots and offices has delivered financial benefits.

An effective workforce strategy is in place, and the council is taking steps to lower sickness absence levels.

The council has relatively sophisticated financial models to help forecast long-term expenditure and income

44. The council has developed a long-term financial model to forecast its expenditure and revenue over a ten-year period. The model estimates the cost of services using demographic data from National Records of Scotland, and regular discussions take place with services to identify pressures. It adjusts forecast expenditure on waste and roads services to reflect planned housing developments.

45. Estimates of revenue over the decade are based on forecasts provided by Fiscal Affairs Scotland, and are updated following economic and fiscal events at both UK and Scotland levels.

46. The model includes both pessimistic and optimistic scenarios to ensure elected members have both best and worst case information. Understanding the scale of future budget shortfalls has enabled the council to make progress with changes to how services are delivered (see [Part 5](#)).



The ten-year long-term financial model, based on demand forecasts, is an example of good practice amongst Scottish councils

The council has adopted a new medium-term financial strategy

47. The Policy and Coordination Committee agreed changes to the budget setting process for 2018-19. Services are allocated a three-year budget, based on the long-term financial model, and develop service change plans with proposals for delivering services within their budget. The council has removed contingencies – amounts set aside to cover unforeseen items of spending – from centrally-controlled budgets. This means that future service overspends will directly affect the council's overall financial position.

48. The service change plans presented to the administration in October 2017 outlined £15 million of identified potential savings for 2018/19, £11 million of which were accepted. These savings, combined with a three per cent increase in council tax, were enough to close an expected budget gap of £13 million and allow for a £2 million investment in council priorities. This meant that the council achieved a balanced budget for 2018/19 without using existing reserves to bridge a shortfall.

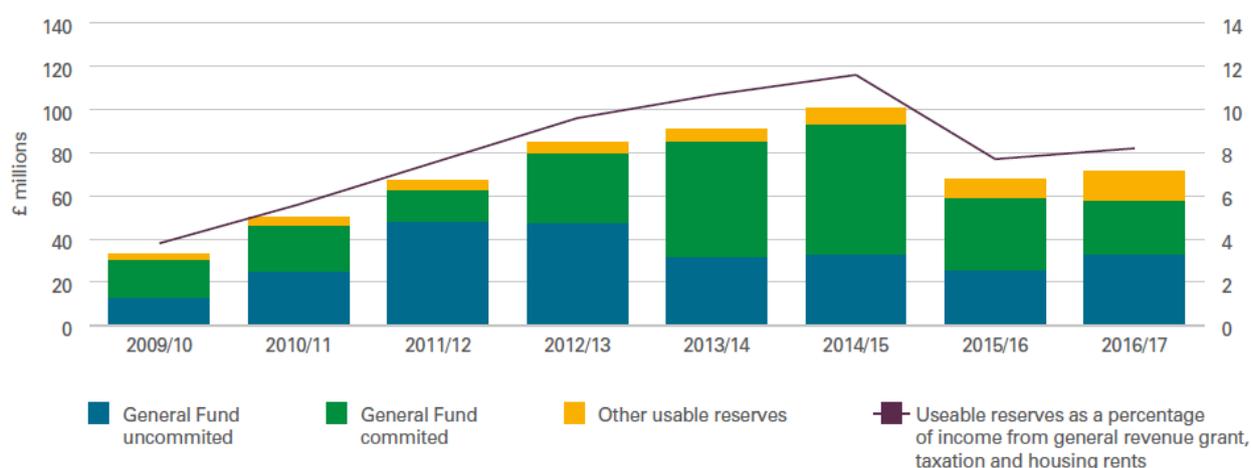
49. Significant budget gaps of £18 million (2019/20, 2.2 per cent) and £43 million (2020/21, 5.3 per cent) remain and the service change plan process will be repeated annually. The process is closely linked to the council's Change to Deliver programme ([Part 5](#)).

There is an adequate level of financial reserves

50. The council's level of useable reserves rose from 2009/10 to 2014/15 through planned contributions and year-end underspends ([Exhibit 6](#)). This was a part of a strategy to fund the costs of reducing the workforce and its equal pay liability. There was a significant fall in useable reserves in 2015/16 as the council used £50 million to settle nearly all of its outstanding equal pay claims.

Exhibit 6 Reserves

The council purposely accumulated reserves, to help fund equal pay claims in 2015/16.



Source: Fife Council annual accounts

51. Compared to other Scottish councils, Fife Council's level of reserves appears to be low. Its usable reserves equate to eight per cent of its net revenue stream, the second lowest in Scotland.¹⁵ The council's medium-term financial strategy bases reserve levels on the maximum amount of financial risk identified within the council's risk register. This forms part of regular budget setting and monitoring reports to committees and the full council. The most recent exercise saw the

projected uncommitted General Fund cover 67 per cent of identified risks and the executive director of finance and corporate services assessed this as adequate.

The council has affordable borrowing and has used it to fund ambitious capital projects

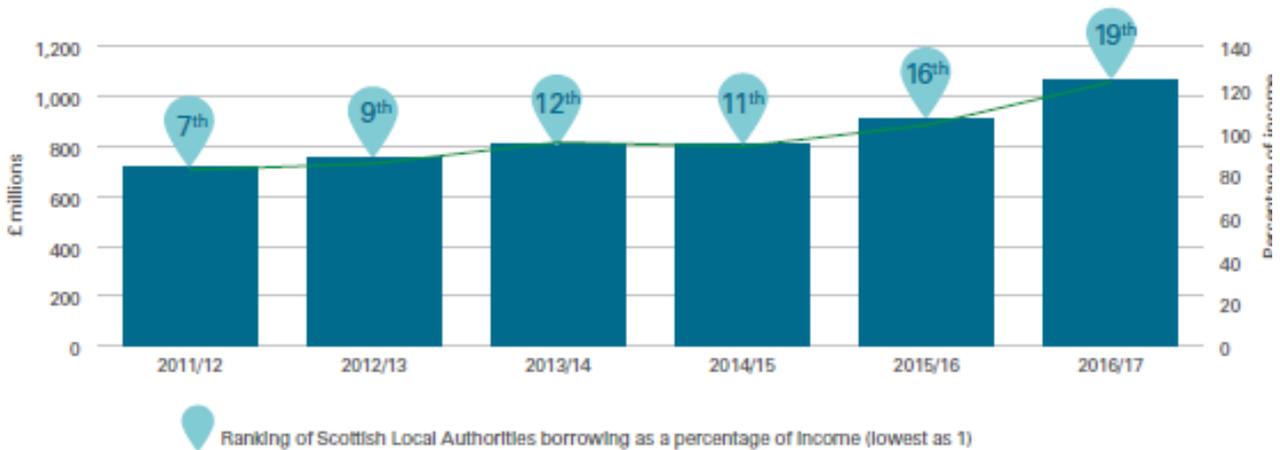
52. The council operates a rolling ten-year Capital Investment Plan. The plan is overseen by an officer-led Investment Strategy Board and refreshed every two years. The last few years have seen significant amounts of capital investment across all services including housing, schools, leisure centres, libraries and roads. The programme has been financed from several sources, most significantly from increased borrowing.

Fife Council capital expenditure (£millions)
2017/18: 153 (forecast)
2016/17: 192
2015/16: 210
2014/15: 156

53. [Exhibit 7](#) shows the increase in overall levels of borrowing. Fife now has a level of borrowing (relative to its size) that is close to the Scottish average, with the second highest increase in borrowing since 2011/12. Despite this, the cost of servicing debt is lower in Fife than in the majority of other councils.¹⁶

**Exhibit 7
Debt**

Relative to its income, the council's level of borrowing has increased yearly for over five years.



Source: Fife Council annual accounts

The council met its target to build 2,700 affordable homes by 2017

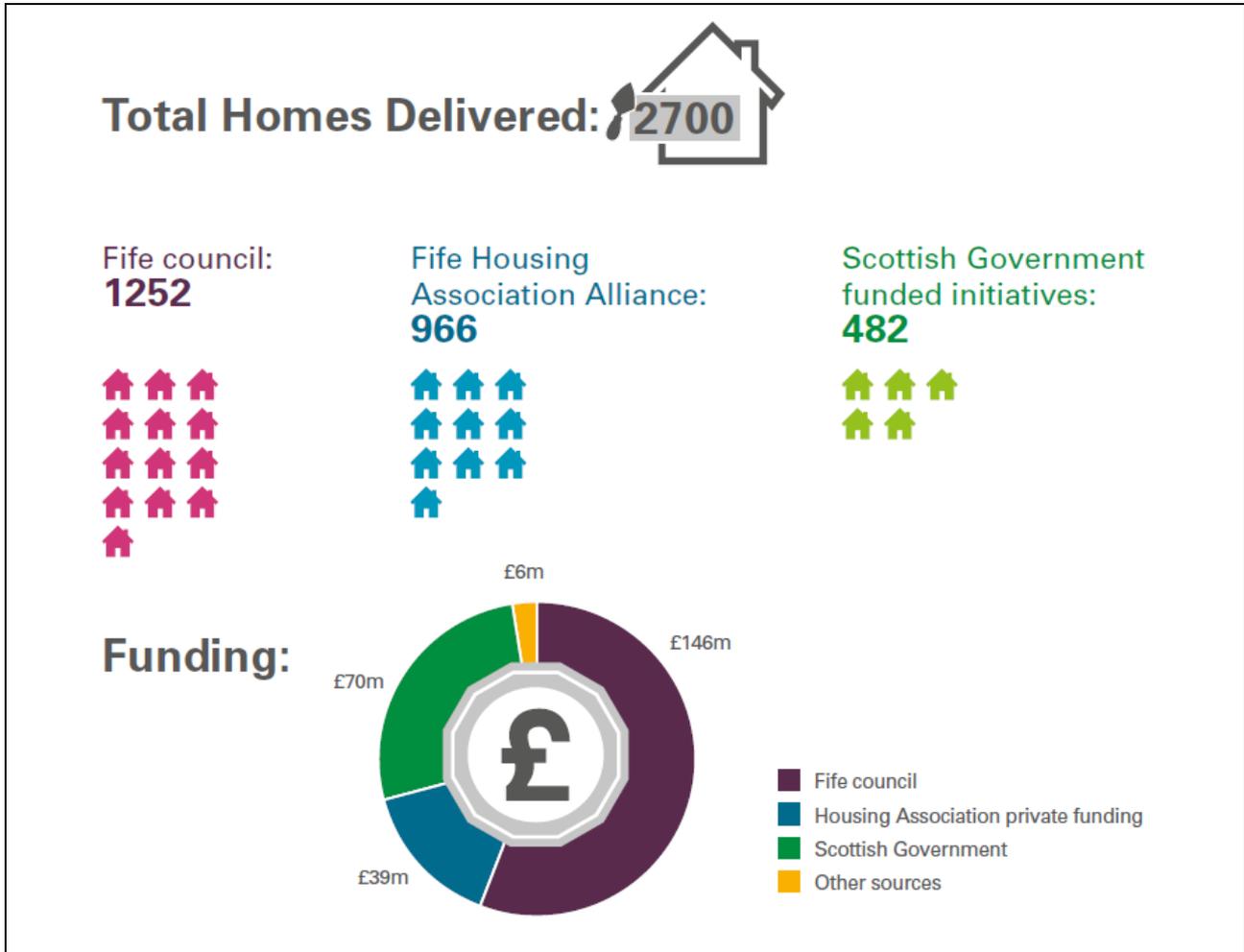
54. Fife Council's corporate plan 2012-2017 included a commitment to build 2,700 affordable homes over the period. This was to contribute to the outcome of 'More, better quality and affordable housing' in the 2011-2020 Community Plan. The council delivered the programme in partnership with the Fife Housing Alliance, with both partners sharing additional capital funding available through the Scottish Government's affordable housing investment programme. A significant share of funding was provided by the council taking on new borrowing and using housing rents ([Exhibit 8, page 21](#)).

55. The programme allowed the council to replace housing either demolished or sold (under 'right to buy' legislation) and to reallocate housing. This allowed tenants to move to more suitable properties. A mixture of council-owned and privately-owned sites have been developed by the building services department and by private developers and housebuilders.

Exhibit 8

Fife council Affordable Housing Programme Phase 2

The council met its affordable housing target.



Source: Fife Council

56. All the new homes conform to a minimum grade B in national energy performance bands, where A is the most efficient and G the least. This helps tenants to lower their heating bills. The programme included homes designed to accommodate tenants with specific needs.

57. The target of 2,700 homes was achieved in July 2016. During construction, Fife was Scotland's largest local authority house builder, contributing 17 per cent of the Scottish total and nearly twice as many as the next highest council. The building programme is a finalist in the 2018 UK Housing Awards category for outstanding development programme. Wider benefits include a boost to economic development and an award-winning modern apprentice scheme. Phase 3 of the programme has been launched with a new target to build 3,500 homes by 2022, requiring additional council funding of £114 million.

The council has changed how it manages its capital projects

58. Following difficulties the council had encountered with delivering the Dunfermline Flood Prevention Scheme, it changed how it manages large capital projects. This included changes to the form of contract used by the council; challenging the circumstances where design and supervision contracts are awarded to the same firm; and using specialist claims advisors when issues arise.

The project's issues were previously covered in our [Major capital investment in councils](#) follow-up report in 2016. The Dunfermline project's costs increased from £14 million to £34 million and it was completed nearly six years late. The council is involved in legal action with the design contractor to recover some of the costs and a court hearing has been set for February 2019.

The council has significantly reduced its number of offices

59. In 2009 Fife Council identified that 71 properties were surplus to requirements, with a backlog of maintenance repairs estimated at £200 million. The Asset Management Plan 2009-2012 committed to decrease the council's property portfolio through both office and depot rationalisation programmes.

60. [Exhibit 9](#) outlines the scale of the office rationalisation. Offices were closed and sold, leased out or put to alternative use. One of them is used as a hub by Fife Voluntary Action to support third sector organisations. The council invested £15 million in modernising the offices it retained to accommodate additional staff. However, the financial benefits realised were lower than forecasted, primarily due to lower sales receipts. The economic downturn led to commercial property values falling and some surplus buildings remain unsold.

Exhibit 9

Office rationalisation and depot rationalisation

The scale of the office and depot rationalisation programmes was significant and costs have risen.

Office Rationalisation	Forecasted	Actual
Offices closed	60	72
Revenue Savings during project lifespan	£6.4m	£5m
Recurring annual savings	£2.4m	£2.9m
Capital Receipts	£12.6m	£7.3m ¹

Depot Rationalisation

Location	West Fife Halbeath, Dunfermline	Central Fife Bankhead, Glenrothes	East Fife Cupar
Status	Construction to start	Complete	To be considered
Depots to be replaced	4	8	2
Original budget	£4.5m	£18.3m	
Revised Budget	£7.8m	£21.5m	
Current Outturn		£21.2m	

Note 1: this is the most recent forecast as at January 2018.

Source: Fife Council

61. The principles applied, including using space more efficiently, have fed through to other capital schemes such as the Ostler's Way Care Village in Kirkcaldy and Windmill and Waid Community Campuses. These feature services delivered together on a single site. The council is in the early stages of launching Phase 2 of its office rationalisation programme which will focus on realising the benefits of flexible working for employees.

Reducing depots numbers is delivering benefits but at rising cost

62. In 2008 the council approved a proposal for a centralised depot in central Fife. This scope was then expanded in 2009, with three depot hubs to be created ([Exhibit 9, page 22](#)). Most of the council's existing depots were in need of significant repair and no longer fit for purpose.

63. The Central Fife depot rationalisation project saw eight depots closed, with six services merged into one refurbished 'super depot' at Bankhead, Glenrothes. Around ten per cent of the council's workforce is now based there, with better cross-service working as a result. The depot also includes storage facilities for Police Scotland, NHS Fife and the Fife Cultural Trust.

64. The project required substantial capital investment. The original budget was increased in February 2012 from £18 million to £21 million due to an underestimate in building refurbishment costs. A revised business case, with a payback period of seven years, was approved in 2012. The project was completed within the revised budget and on time in March 2014.

65. The council has been able to identify alternative use for surplus sites, with land at two depots being re-used as part of the affordable housing programme.

66. Building work has started on the West Fife depot project ([Exhibit 9](#)). Identifying a suitable site proved challenging and a revised business case in November 2017 found that forecasted costs had risen to £7.8 million from an original estimate of £4.5 million.

Workforce planning has improved since 2009

67. Our 2009 Best Value report recommended that the council develop a corporate workforce management strategy. Since then the council has been through a significant organisational restructure and reduced its overall workforce to make financial savings. Between 2010 and 2017 staffing levels reduced by almost 2,000 employees including over 300 at management level. Most of these staff left under voluntary severance arrangements, in which the cost to the council was recouped within a two-year return period.

68. The current workforce strategy covers the period 2016-20 and is supported by annual corporate and service workforce plans. Since 2009 staff surveys have been run every two years, and now form part of their organisational culture improvement programme (see [Part 5](#)).

69. The teachers' absence rate has increased in 2016/17 from 5.6 days to 6.4 days and was above the Scottish average of 6.1 days. The sickness absence rate for non-teaching staff reduced to 11.3 days in 2016/17, but was slightly higher than the Scottish average of 10.9 days. The council adopted a new approach to managing absence in 2016/17. This focused on behaviours associated with good attendance. It provided training for managers to equip them with the confidence and skills to support individuals; manage behaviours and deal with sensitive issues such as mental health. It is too early to assess the impact of the new approach.

Part 4

Is the council working well with its partners?



The council has productive partnership working arrangements

The Fife community planning partnership is working well.

The Fife Health and Social Care Partnership faces significant challenges and the pace of change of service redesign will need to increase.

The council's methods for consulting and involving citizens are effective.

Community planning partners continue to work well together

70. The council and its community planning partners have a strong history of partnership working, which is helped by some organisations having the same geographical boundaries as the council.

71. The council has worked closely with its partner NHS Fife to support the establishment of the Fife Health and Social Care Partnership (FHSCP) and ongoing relationships are strong.

72. With support from the council, the Fife Partnership asked the Improvement Service for help in tackling leadership challenges that would follow from implementing the Plan for Fife. The Improvement Service attended several meetings of the Fife Partnership board and facilitated discussions that led to an improvement plan.

The health and social care partnership faces challenges

73. Fife Health and Social Care Partnership (FHSCP) consistently projected an overspend during 2016/17 and developed a recovery plan that only partially addressed the savings required. It achieved a breakeven position in 2016/17 as a result of additional funding being received from both partner organisations to cover the £9.3 million in-year overspend.¹⁷ FHSCP did not fully deliver on its savings target for 2016/17 and at February 2018 had still to identify £2.1 million of the £23.6 million savings required for 2017/18.

74. The FHSCP is facing significant challenges in its medium-term financial sustainability. Papers submitted to the FHSCP Board in November 2017 identified a budget gap of £18.3 million, £31.8 million and £46.7 million for the next three years to 2020/21. The 2018/19 budget was approved by the FHSCP board in March 2018 and after identifying savings of almost £13 million, the shortfall has reduced to £5.2 million. It is recognised by the FHSCP and partner bodies that a medium-term approach is required to address the budget challenge and that this cannot be done within one year.

75. Delayed discharge rates have improved, and the number of bed-days occupied reduced by 60 per cent between October 2015 and November 2017.

Major redesign initiatives looking at changes to how services are delivered are ongoing. Examples include the Care at Home project ([Case Study 5, page 32](#)) that has delivered a 30 per cent increase in capacity. However, savings of £3 million from the community redesign project were anticipated in 2017/18 but have not been achieved due to slippage.

76. FHSCP conducted a review of the governance arrangements and integration scheme to ensure there was clarity of roles and responsibilities. Proposals outlined in October 2017 have not yet been agreed by the partners.

The council consults and involves communities in Fife

77. The council has adopted the Place Standard methodology for engaging with residents and has developed a variety of consultation and participation tools that have been used across the council, including in the development of the Plan for Fife ([Part 1](#)). They include:

- Charrette events held in Lochgelly, Cowdenbeath, Kincardine and Glenrothes – to create a vision for local area development.
- Online surveys and consultations – using the website Let’s Talk Fife to seek views on the Plan for Fife and community use of council facilities. Case study 2 shows how a consultation process can impact the outcome of a project.
- Social Media engagement – including Facebook questions and answers with the council’s co-leaders.
- Participation in the BBC TV documentary *The Council* – to give residents a greater insight into the running of the council and help them understand the difficult budget decisions it is faced with.
- Fife’s Peoples Panel – in operation since 2006 and consisting of up to 2,000 volunteers, with up to four consultations a year.

Case study 2

Community engagement – Gallatown Gateway Project

The project centred on the demolition of a dilapidated building at the entrance of the Gallatown Park in Kirkcaldy to create a better space for the community to use. The area had become a hub for anti-social behaviour, and the project aimed to turn the site into a place where people felt safe and wanted to spend their time.

Join the Conversation consultation events were organised. Over 330 people were involved and the consultation methods included: a ‘pop-up’ consultation marquee; community lunches; discussions with pupils at three primary and two secondary schools; and use of social media.

Consultation revealed that the community was completely against a design which shared the space with cars, as any degree of traffic would have made the park unsafe for children to play. A child in Primary 6 identified a route around the edge of the park as a solution and the community supported this proposal. This was implemented in a new design and the new road is set to be named after the child who thought of it.

The council plans to give citizens a greater say in budgeting

78. Participatory budgeting in Fife has involved communities pitching ideas for how council funding can be spent in their area, and then voting on how the money should be spent. Several participatory budgeting events ([Case study 3](#)) have been held and plans for larger scale exercises are in development. The council has been championing participatory budgeting since 2010 and, by 2017, had been involved in 25 exercises. Grants of between £1,000 and £250,000 were allocated to a variety of projects, with a total of £850,460 awarded.

Case study 3

Participatory budgeting – Forward West Fife

An event in March 2017 covered the West Fife Villages following the closure of Longannet Power Station. A total of 19 project proposals competed for the £60,000 funding available. Following presentations on the proposals, a vote saw 11 of them receive funding. The winners included local youth, community and sports groups.

Source: Fife Council

79. The council is now looking to build on its work and scale up towards the Scottish Government's target of one per cent of a council's budget being allocated to participatory budgeting. To achieve this, it is trying to develop online methods of engagement to reach a wider audience, and to identify opportunities for greater participation in decisions relating to mainstream budgets.

The council follows Scottish Government guidance when involving residents

80. The Community Empowerment (Scotland) Act (the act) requires councils to have procedures in place covering:

- community asset transfers (CATs), passing ownership of land or buildings to community organisations
- community participation requests, which give local people a voice in designing council services.

81. The council is ready to receive participation requests, and has a guidance document and an application form available on its website. It has received no participation requests to date.

82. Prior to the act, the council already had a structure for community asset transfers and had passed the ownership of some sites onto community groups. The council now has a formal process and dedicated resource to facilitate CATs. As of January 2018, the council had received 39 CAT enquiries. Of these, nine were approved to go forward to the next stage, while the council has worked with the others to find alternative, more suitable arrangements than formal transfers. Two formal applications have been received, with one rejected and the other to be considered by the council in May 2018 ([Case study 4, page 27](#)).

Case study 4

Community asset transfer – Kingdom Brass

This will be the first formal community asset transfer to be considered by the council after the Community Empowerment Act was passed. If approved, ownership of Kelty Library would be transferred to [Kingdom Brass](#), a local brass band with roots in both Kelty and Cowdenbeath, for use as a rehearsal space and equipment store and to allow the band to restart its youth development programme. Following an assessment by officers, the transfer will be considered by the Cowdenbeath Area Committee and the Assets, Property and Facilities Committee in May 2018.

Source: Fife Council

Library services are being delivered by community groups

83. In 2016 Fife Cultural Trust proposed a restructure of the council's libraries, which would have closed 16 libraries. A consultation generated proposals for community groups to take on the provision of library services at some sites. Trusts were formed and business plans developed and six remaining libraries – in Colinsburgh, Falkland, Glenwood, Kinghorn, Lundin Links and Pittenweem – are run by communities.

Some services are provided by arms-length external organisations

84. [Exhibit 10](#) outlines arms-length external organisations (ALEOs) in place at Fife Council. These arrangements have enabled a more focused approach to service delivery and increased commercial opportunities. There are appropriate governance arrangements in place, with regular financial and performance reporting to council committees.

Exhibit 10

Fife Council's arms-length and external organisations

The council uses a range of ALEOs to deliver services.

Name of ALEO	Service provided	Formed	Turnover (£m)
Fife Coast and Countryside Trust Limited	Coastal paths and Lomond Hills	2006	3
Business Gateway Fife	Business start up; SME advice service	2008	1
Fife Sports and Leisure Trust Limited	Leisure and sport facilities	2008	15
Fife Golf Trust Limited	Golf courses	2011	1
Fife Cultural Trust Limited	Theatres, art galleries, museums and libraries	2012	14
Fife Resource Solutions LLP/ Resource Efficient Solutions LLP	Landfill and recycling facilities; commercial waste collection and transfer	2014	35

Note – SME = Small or Medium-sized enterprise.

Source: Fife Council

85. A recent review of the ALEOs by the council led to proposals for further streamlining by merging the Golf Trust and the Sport and Leisure Trust. The Accounts Commission is publishing a follow-up report on the operation of ALEOs across Scotland, for which Fife was selected as a case site.

Fife Council actively participates in two City Deal partnerships

86. The council views city deals as an opportunity to generate additional funding for Fife's economic development and has already budgeted £30 million in capital funding across the two deals. It has set up its own project management office to manage Fife's involvement. Fife participates in partnerships in both Tayside and in the Edinburgh and southeast Scotland area. Both partnerships are established and business cases are in development for specific proposals.

87. The Edinburgh and South East Scotland City Deal was signed in July 2017. Through the deal, Fife will have access to funding to increase the availability of industrial and business premises. It will be able to participate in regional employability and skills programmes and have access to additional finance to encourage housing developments. The exact details of projects being considered were not made public during negotiations and the council and residents have expressed disappointment that funding was not secured for the Levenmouth Rail extension.

88. The Tay City Deal is still to be agreed. However, the partners have decided to make all proposals publicly available. Fife Council is hoping to secure funding for various projects in North East Fife. These include possible improvements to transport infrastructure in North East Fife and the Eden campus at Guardbridge.

City Deals are a UK initiative to help improve a local area's economy. Funding contributions are provided by the local authorities involved, and the UK and Scottish Governments

Part 5

Is the council demonstrating continuous improvement?



The council has improved steadily and achieved significant change

The council has a good basis to deliver further continuous improvement. This includes clear vision, strong leadership, an improvement programme focused on culture and good financial planning.

Since the last Best Value report in 2009 the council has been through two transformation programmes and is developing a third. These have delivered a number of benefits but not all the forecast savings.

The council is focusing on improving its organisational culture to ensure the council continues to improve the services it provides.

Improving digital services is a key focus of the new transformation programme. New technology solutions, such as the Care at Home scheduling software, are making services more efficient and delivering savings.

Since 2009, the council has shown commitment to continuous improvement

89. The 2009 Best Value report provided a positive overall assessment of the council, which has maintained its performance over a period of increasing financial constraint and political change. The council has undertaken a range of improvement work since 2009 including transformation programmes, self-assessment methods, and service reviews. There are established corporate development teams to help services deliver these. This highlights that the council is committed to continuous improvement and delivering for the people of Fife ([Exhibit 11, page 30](#)).

The council uses self-assessment to identify areas for improvement

90. The council uses a range of tools for self-assessment, many of which have their origins in the European Foundation for Quality Management (EFQM) model. Examples include: the use of national self-assessment frameworks and Public Sector Improvement Framework (PSIF) self-assessments; service reviews; Demand and Cost Analytics reviews; strategic assessments; use of the Place Standard and Fife People's Panel surveys and a recent best value overview self assessment. The use of appropriate self assessment tools helps inform strategic planning, change and improvement; to ensure a standard approach is maintained. All services feed into the strategic assessment work such as development of the Plan for Fife and the Children's Services Plan.

Exhibit 11

Comparing selected Best Value judgements, 2009 and 2018

Fife Council has improved since 2009 and is in a good position to improve further.

Controller of Audit judgements – 2009	Progress up to 31 March 2018
<p>Strategic direction</p> <p>Fife Council has a clear strategic direction. The council's leadership has set out its vision and priorities and communicated these effectively. The council is ambitious and has recently put the building blocks of best value in place. It shows good self-awareness of what is required and it is developing a culture of continuous improvement.</p> <p>Elected members have not been sufficiently active in leading improvement and implementing the best value agenda at a strategic level.</p>	<p>Fife Council has a clear strategic direction, shared with partners. It uses a range of self-assessment methods and tools to continuously identify and assess the challenges it faces.</p> <p>Elected members are working well together in a new administration. Members were actively involved in setting the Plan for Fife, and will monitor activity at a strategic and area level.</p>
<p>Performance</p> <p>Services demonstrate mixed levels of performance and SPIs show performance below the Scottish average. There is, however, evidence of recent significant improvements. Performance management needs further development and performance reporting to elected members needs to be significantly improved.</p>	<p>The performance of council services continues to improve and broadly tracks national trends. Areas of relatively weak performance include aspects of education and social work achieving generally in the bottom two quartiles of national measures. There is evidence of the council prioritising those areas that are most linked to their vision and ambition.</p> <p>Its performance management arrangements are being refreshed for the new Plan for Fife.</p>
<p>Resources</p> <p>The council manages its finances effectively. It has a strategic approach to managing assets, procurement and risk, although its approach to workforce planning is less well developed.</p>	<p>The council continues to manage its finances effectively, using sophisticated techniques to forecast medium and longer-term finances.</p> <p>It has rationalised its office and depot base.</p> <p>The council has improved its approach to workforce planning and is investing in staff to support a culture of improvement throughout the organisation.</p>
<p>Partnership</p> <p>The council works closely with its partners and community planning arrangements are well established.</p>	<p>The council works well with its partners, agreeing to adopt a single Plan for Fife.</p>
<p>Continuous improvement</p> <p>The pace of change has increased and the council needs to maintain this momentum if it is to achieve its priority of becoming a 'top performing council'.</p>	<p>The council shows a commitment to continuous improvement, and has undertaken a range of innovative initiatives to achieve this through digitalisation and investment in services. It has established the groundwork for enabling further change and delivering service improvement.</p>

Source: Accounts Commission¹⁸ and Audit Scotland

The council recognises the need for change

2009-2014 – Corporate Improvement programme

91. In 2008 the council launched its first corporate improvement programme covering: mobile and flexible working; office and depot rationalisation (see [Part 3](#)); organisation redesign; and customer management. The programme achieved £25 million of recurring savings, with over half of this coming from a fewer managers.

92. The council established where customer contact was across directorates, what aspects of work were fragmented and where back office activity was focused. This work resulted in changes including the rationalisation of depots/offices, development of mobile and flexible working, increased use of technology and a drive towards more online services.

2014-2016 – Shared Support Services (3S) programme

93. A further improvement programme focused on changes to support services. Projects included a new integrated HR/Payroll system (iTrent); financial system (ERP), and changes to their procurement and administrative support services.

94. Significant difficulties arose with implementing the ERP system, with the level of functionality achieved below original expectations. It has been subject to both internal and external audit reports. The replacement of further council systems is currently ongoing.

95. The 3S programme was forecasted to generate £12 million of recurring savings by the end of 2017/18 but the latest estimate is £7 million. The shortfall is largely attributed to the plan to centralise the council's procurement function. This was achieved but it has yet to deliver the anticipated savings against general revenue expenditure. The council recognises there is still scope to further enhance procurement practices and with assistance from Scotland Excel (the Centre of Procurement Expertise for Scotland's local government sector), has included this area as a theme in the current improvement programme.

2014-ongoing – Enabling Change / Change to Deliver

96. Some of the previous transformation programmes did not realise expected benefits but, with financial challenges remaining, the council recognises the need to continue service transformation. A third corporate programme – Enabling Change – was launched in December 2016 and through 2017 the programme team further developed its approach. Many of the themes identified are a continuation of previous ideas including a further roll-out of mobile working technology and more organisational restructuring.

97. The programme team has also been involved in the development of the 'service change plans' introduced into the 2018-19 budget process, with a view to identifying areas where cross-service solutions would be appropriate. As the programme moved into the delivery phase, the council re-named the programme as 'Change to Deliver' and proposed new governance arrangements, including a programme board. Individual projects are still to be formulated.

98. The Corporate Executive Team aims to re-focus the need for change within services on making a difference and delivering outcomes, rather than being fully led by budget-changes. It was clear from discussions with staff that they recognise the need for service change, but that the service change plans had focused on reducing budgets as the main priority. Staff also highlighted that the prioritisation of improvement actions and change was unclear. This makes the role of the new programme board essential in ensuring that there is effective and transparent alignment between the aims of the Plan for Fife and the service change plans.

The council has introduced a new programme focusing on improving organisational culture

99. Since 2015, Fife Council has been implementing an organisational culture improvement programme based on the Unwritten Ground Rules© (UGRs) philosophy. This helps managers understand and manage workplace culture and includes using over 100 'Checkmates'. These are trained facilitators for staff group discussions to find out what the frustrations are and to address these. From the various focus groups we led and from observing the discussions at the checkmates meeting in January 2018, it was clear staff felt able to express their views.

100. This is relatively new work and early indications, from staff survey results, suggest that there have been modest improvements in the overall scorings given against the ten aspirational UGRs. However, responses were obtained from only 25 per cent of the workforce and in half of the areas, the results had not improved.

The Digital Strategy could help the council to improve

101. The council has centralised its Business Technology Solutions (BTS) function, so that all ICT staff are grouped together rather than spread across different departments. The Digital Strategy 2016-2019 aims to sustain and simplify digital and ICT activity across the council.

102. Although each service change plan contains digital activity that the service would like to undertake, the corporate digital strategy is not yet integrated with the service change plans. A good example of where the council has introduced solutions that could be used across council directorates is the scheduling system that was introduced in building services and adapted to improve scheduling of its Care at Home staff ([Case study 5](#)).

Case study 5

Care at Home digital project

The FHSCP/BTS project aimed to deliver a digital solution for appointment scheduling within adult social care. This was expected to yield efficiency savings by:

- reducing the time spent travelling to appointments through efficient rostering
- reducing the time spent updating case notes, through mobile functionality.

The council was already using similar software in Building Services and Parks, procured and developed by Total Mobile. In line with its Digital Strategy, the council decided to adapt the software for social care purposes to save money on software licensing and support.

The initial roll-out was problematic but the application proved ultimately successful. At the start, the software was scheduled to deliver maximum efficiency when scheduling appointments but this led to service clients' and staff complaints. The council halted the roll-out to 'reset' the programme. It adjusted the emphasis for scheduling from efficiency towards carer and staff preferences. This provided a more acceptable solution for clients and still delivered worthwhile savings, including a 30 per cent increase in capacity (valued at £2 million). Front-line staff now feel the technology enables them to provide a better service and at a level they can sustain. The Care at Home service won a Success Through Innovation Award at the Fife Business Awards 2018.

Source: Fife Council

Recommendations



The council should identify the neighbourhood plans for priority areas that it intends to complete and a timetable for this work ([paragraph 17](#)).

The council should extend its improvement methodology on raising educational attainment in deciles 1-3 to a broader range of young people ([paragraph 31](#)).

The framework for managing performance against the Plan for Fife should be finalised as early as possible ([paragraph 42](#)).

The council should develop a range of delivery plans to support the identified actions and wider ambitions outlined in the Plan for Fife. These actions should be measurable with clear deadlines ([paragraph 43](#)).

The council should continue its new approach to managing sickness absence rates ([paragraph 69](#)).

The council should work with Fife Health and Social Care Partnership and NHS Fife to accelerate the redesign of adult health and social care services and mitigate medium-term financial pressures ([paragraph 74](#)).

As a partner in the Fife Health and Social Care Partnership, the council should seek early agreement over roles and responsibilities, so that the management and governance arrangements of the FHSCP support the significant service redesign challenges it faces ([paragraph 76](#)).

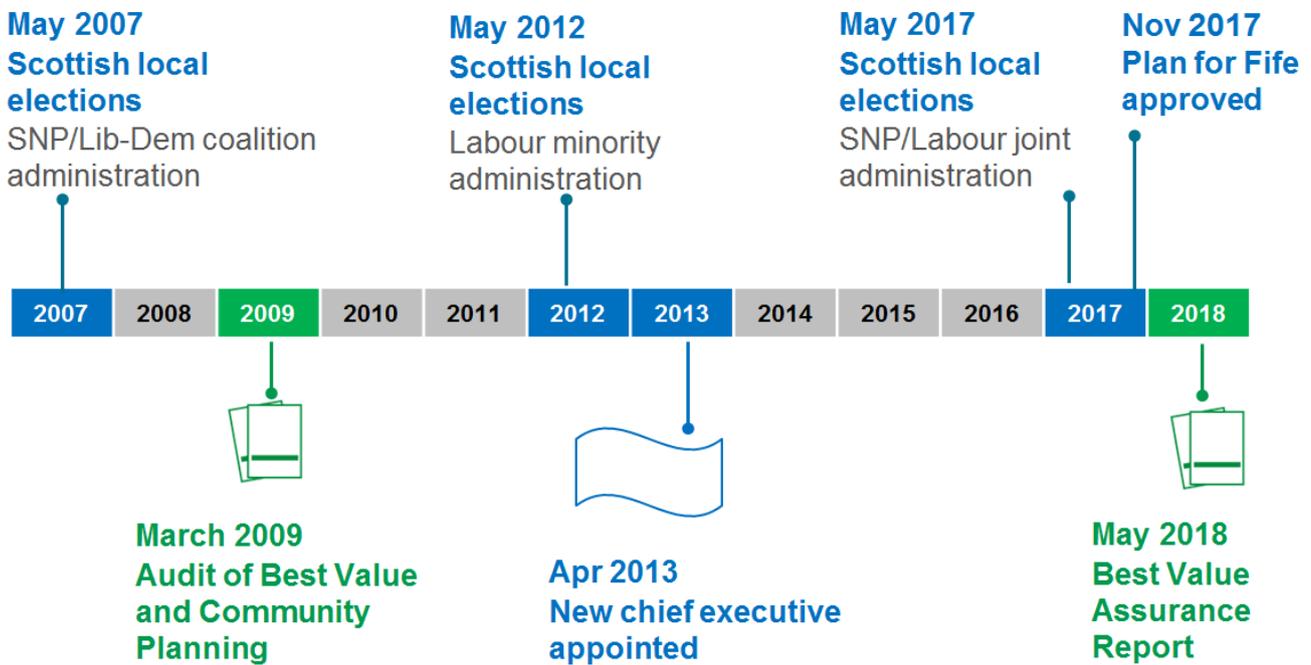
The council's new programme board should ensure alignment between the aims of the Plan for Fife and service change plans. It should develop a focus on outcomes rather than being led by budget-changes ([paragraph 98](#)).

Appendix 1

Best Value audit timeline



Council journey



Appendix 2

Endnotes

- ¹ [Fife Council: the audit of Best Value and Community Planning](#), Accounts Commission, March 2009.
- ² [Local Government Financial Overview 2016/17](#), Accounts Commission, November 2017.
- ³ Children living in families in receipt of out-of-work (means-tested) benefits or in receipt of tax credits where their reported income is less than 60 per cent of UK median income.
- ⁴ [Local authority poverty data](#), Scottish Government website.
- ⁵ [Fairness Matters](#), Fairer Fife Commission, November 2015.
- ⁶ [Plan for Fife](#) – Fife Partnership’s Local Outcome Improvement Plan, April 2018.
- ⁷ [Fife’s Annual Public Performance Report 2016/17](#), Fife Council, 18 Nov 2017.
- ⁸ The full range of indicators includes unit costs and public satisfaction. These are available on the Improvement Service website – www.improvementservice.org.uk/benchmarking/
- ⁹ SIMD = Scottish Index of Multiple Deprivation. This is Scottish Government’s official tool to identify areas of multiple deprivation in Scotland. SIMD quintile 1 relates to most deprived 20 per cent and ‘SIMD quintile 5’ relates to the least deprived 20 per cent. [Introducing The Scottish Index of Multiple Deprivation 2016](#), Scottish Government, August 2016.
- ¹⁰ Home> Council and democracy> Comments, Complaints and Consultations> Consultations> Fife [People’s Panel](#), Fife Council website as at 21 March 2018.
- ¹¹ [Services for children and young people in Fife](#), Care Inspectorate, March 2016.
- ¹² Report to Education and Children’s Services Committee: [Inspection outcomes](#), Fife Council, 23 January 2018.
- ¹³ Analysis of inspection reports, Audit Scotland, March 2018.
- ¹⁴ [Inspection of Community Learning and Development in Fife Council](#), Education Scotland, February 2018.
- ¹⁵ [Exhibit 13, Local Government Financial Overview 2016/17](#), Accounts Commission, November 2017.
- ¹⁶ Exhibits 15, 16, [Local Government Financial Overview 2016/17](#), Accounts Commission, November 2017.
- ¹⁷ www.audit-scotland.gov.uk/uploads/docs/report/2017/aar_1617_fife_integration.pdf
- ¹⁸ Overall conclusions, [Fife Council: the audit of Best Value and Community Planning](#), Accounts Commission, March 2009.