Argyll and Bute Council

Audit of Best Value and Community Planning – Follow up

23 August 2007

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Main Findings

Introduction

The Local Government in Scotland Act 2003 established best value and community planning as statutory duties for local authorities. The Accounts Commission introduced new arrangements for the audit of best value based on a cyclical approach involving a full review by a specialist team once every three years. In the intervening years short follow-up reviews are carried out by the local auditor.

The Council received a full best value audit in 2005, with the report published in February 2006. In May 2006 the Council published an 'Implementation and Development Plan' outlining how it would seek to improve its best value performance.

This report outlines the key findings from our first 'follow-up' review following publication of the Audit Scotland report.

Overall Conclusions

The Council has responded positively to the Best Value report issued in February 2006 and, with few exceptions, has completed all of the improvement actions contained in the Best Value Implementation Plan prepared in response to the report. In particular, the Council has made significant progress in revising its corporate planning and strategic management arrangements.

The progress made by the Council provides a sound basis from which to take forward the best value and improvement agenda, and the Council must now focus on turning strategies into action and embedding best value principles throughout the organisation to better demonstrate continuous improvement.

Key findings

1. The Council has developed its corporate, service and strategic plans covering key corporate themes including best value, risk management, information and communications and technology, and performance management. The development of these plans represents a significant improvement in the Council's readiness to deliver best value across its operations.

2. The Council continues to implement a rolling programme of best value reviews covering key service areas as part of its wider strategy to deliver best value across all service areas. Major reviews have been undertaken in key service areas, such as social work services, resulting in significant change to the way these services are provided.

3.   The Council has taken steps to improve arrangements for the scrutiny of performance by both members and officers. Improvements have included the development of member led Policy Performance Groups (PPG) with a specific performance scrutiny and improvement remit, the appointment of an independent chair to the audit committee, and more corporate working and performance focus at Senior Management Team meetings.

4.   The Senior Management Team comprises the Chief Executive and Service Directors. The Chief Executive leads personally on a number of key corporate initiatives, and our review found that not all departmental management teams routinely cover key corporate themes.   The Council should explore ways of ensuring that sufficient corporate responsibility is taken for delivering cross cutting themes such as efficiency, performance and risk management, and ensuring priority is given within individual departments to delivering key corporate initiatives.

5.   The Council's revised political governance arrangements have only recently been implemented following the elections in May 2007 and need time to 'bed-in' before any assessment can be made of their effectiveness. A number of issues have been identified from our review, however, which should be considered in any future assessment of the effectiveness of the Council's political governance arrangements, including:

- the Policy Development Group, in its February 2007 report, recommended that the Council create a 'Council Executive' comprising a maximum of 9 members as its main decision making body. The Council accepted this main recommendation, but has appointed sixteen members to the 'Council Executive' and may not, therefore, fully achieve the benefits anticipated from streamlined decision making;

- the role of area committees, their lines of accountability and scrutiny arrangements are not sufficiently clear. The agendas of area committees are largely dominated by minor planning decisions and this is unlikely to make best use of area committee resources. Recent changes in planning law are likely to require less member involvement in considering more minor planning applications;

- the Council has recently established PPGs whose main role is to develop policy associated with the monitoring and improvement of services; scrutinise the performance of Council services and encourage effective collaboration and co-ordination between and within organisations operating in Argyll and Bute with particular reference to the Community Planning Partnership. There is a potential risk that the role of PPG's may, to some extent, duplicate the scrutiny role of the audit committee. The Council is aware of this risk and is keeping the matter under review.

Refer action plan points 1 - 4

6.   The Council has created a sound basis from which to take forward the best value and improvement agenda and significant changes have been made to corporate and strategic plans. The Council recognises, however, that these developments have not yet been fully embedded into operational management and much work needs to be done to create a culture of performance and improvement across all Council service areas.

7.   The Council has recently introduced a performance management system. This system will improve the quality, accuracy and timeliness of the performance management information available to members and service managers, and offers significant potential to act as a key driver for improving economy, efficiency and effectiveness. The performance management system is, however, at an early stage of development and currently covers only a limited number of council services.

8.   In the absence of a formal system for measuring and monitoring performance (including output measures of service quality and provision), the Council will be unable to effectively demonstrate continuous improvement and efficiency in its operations. There is, therefore, an urgent need to bring forward the Council's implementation plan and roll out the performance management system across all Council services in a shorter timescale than currently envisaged.

9.   The Council has improved its arrangements for monitoring and reporting against delivery of plans, however, there remains some scope to provide more clarity around performance expectations in corporate and service plans to make them more Specific, Measurable, Attainable, Realistic and Timebound (SMART) and target focussed.

10.   The Council has recently developed its risk management arrangements and set up officer led 'loss control groups' to more systematically develop plans to manage and monitor key risk areas. The Council's current risk register is, however, largely focussed on managing business continuity and insurance related risks and does not cover strategic and operational risks. Risk management arrangements are not, therefore, sufficiently developed as an effective operational management tool.

11.   The Council continues to face significant challenges in creating a more flexible, efficient and continuously improving organisation that is focussed on meeting the needs of its citizens and service users. The Council may not currently have the corporate management capacity, skills and expertise to effectively achieve the major organisational changes required to fully meet best value expectations. There is an immediate need to create additional corporate resource in the short to medium term to ensure recently developed improvement plans and strategies, including performance managemement, are implemented and to sustain the current pace of reform.

12.   The Council has recognised the benefits of external challenge in its best value review process and has incorporated external challenge into many of the best value reviews already undertaken. This represents good practice. There is some scope for the Council to consider whether, and to what extent, it should develop the role of external challenge further, as part of its overall approach to identifying and applying good practice and new ways of working.

Refer action plan points 5 - 9

13.   Improvements in technology offer the Council significant opportunity to improve the efficiency, quality and effectiveness of its services to the public. The Scottish Executive has set councils a target to improve the efficiency, quality and accessibility of services by providing customers access to a range of services online as part of its 'e-government initiative'. The Council is committed to meeting these targets but has yet to articulate clearly how and when it will do so.

14. The recent introduction of customer contact centres does, however, enable service users to access a small number of Council services from one location either electronically, by phone or in person. The Council should set a clearer timetable for developing these centres further as part of an overall strategy to meet its e-government targets and to maximise their full potential for improving the economy, efficiency and effectiveness of Council services.

15. The Council has a significant property portfolio much of which has been inherited or built up over many years by the Council and its predecessor authorities. The Council has an asset management strategy for its schools estate but less developed arrangements for the management of non-education assets. A number of the Council's assets are now either surplus to requirements, not fully utilised or no longer fit for purpose. The Council faces a significant challenge to rationalise it property portfolio, release efficiency savings and develop its existing estate to improve the provision Council services to the public.

16. The Scottish Executive has set targets for local authorities to achieve significant efficiency savings by 2008/09. The Council has developed its strategy for efficient government but has not yet agreed a programme of efficiency savings required to meet central government targets and expectations. In addition, the Council does not yet have a systematic process in place for identifying, measuring, monitoring and reporting on efficiency.

17. The Government has indicated that it expects local authorities to take forward opportunities for joint working and sharing services as a key mechanism for delivering efficiency and achieving best value. The Council has developed a shared services strategy and is working closely with a range of bodies to improve arrangements for joint working and shared services. The Council is awaiting Ministerial approval for funding to take forward shared services initiatives and currently provides only a relatively small number of services on a shared basis. The Council should, however, develop an action plan and timetable for delivering its shared services strategy and should continue to be proactive in identifying and taking forward opportunities for shared services and joint working.

18. In common with other authorities, the Council is facing significant financial pressures and will need to develop its financial management systems to:

   • better align the budget to corporate priorities;

   • further develop the linkage between financial and performance management, including use of benchmarking and unit costs; and

   • build efficiency savings into the budget management, monitoring and reporting arrangements (refer also to comments made at paragraph 16).

Refer action plan points 10 - 17

19. The Council meets its statutory responsibilities in relation to public performance reporting, has developed a customer contact strategy and improved its public performance reporting strategy. The Council does not yet, however, co-ordinate effectively how it communicates with its service users across all of its services. The Council has not systematically identified the information requirements and expectations of its service users or how best it should use available media for effective communication. There is a risk, therefore, that the Council's current approach may result in information of the incorrect type, quality and quantity being communicated to service users at the wrong time or in the wrong format for their needs.

Refer action plan point 18

The Way Forward

The findings and recommendations from our review are summarised in an Action Plan (Appendix A) which accompanies this report. The Action Plan has been agreed with management and incorporates the management response to audit recommendations.

The report includes some specific recommendations to strengthen the Council's best value arrangements. It is the responsibility of management to determine the systems of best value that are most appropriate to the Council.

Acknowledgements

We would like to take this opportunity to thank the officers who have been involved in this review for their assistance and co-operation.

This report is part of a continuing dialogue between the Council and us and is not, therefore, intended to cover every matter that came to our attention. Our procedures are designed to support our audit and they cannot be expected to identify all weaknesses or inefficiencies in the Council's systems and work practices.

The report is not intended for use by third parties and we do not accept responsibility for any reliance that third parties may place on it.

Grant Thornton UK LLP

23 August 2007

Action Plan

No	Recommendation	Management Response	Responsible Officer	Implementation date
1	The Council should continue to develop the corporate working arrangements of the Senior Management Team to ensure key corporate themes are systematically implemented across all Council departments including best value, efficiency, performance management and risk management.	The council has established 6 strategic boards covering HR, IT, Asset Management, Procurement & Shared Services, Customer First & Public Sector Reform and Performance Improvement. These boards are chaired by a spokesperson or director and will take forward further development of these key themes on a corporate basis.	Chief Executive	Now in place
2	The Council should review the effectiveness of its recently implemented political governance arrangements including: • the effectiveness of the operation and membership of the 'Council Executive' to ensure the benefits anticipated from streamlined decision making are achieved; • the role of area committees, their lines of accountability, scrutiny and reporting arrangements; and • the respective roles of Policy Performance Groups and the audit committee, to minimise the overall scrutiny burden within the Council.	The Council will undertake a formal review from June 2009 to August 2009 once the current arrangements have been in operation for an appropriate period of time. In addition to the formal review there are a number of operational aspects e.g. planning that will be looked at in the shorter term.	Director of Corporate Services Director of Corporate Services Director of Corporate Services	August 2009 August 2009 August 2009
3	The agendas of all departmental management team meetings should cover key corporate themes as a matter of routine.	Agreed	All Directors	October 2007

No	Recommendation	Management Response	Responsible Officer	Implementation date
4	The Council should set clearer timescales for implementing strategies covering key cross cutting best value themes including best value, efficient government, risk management and performance management. The Council should aim to ensure these strategies are implemented across all council services as quickly as possible in order to embed the culture of performance and improvement into operational management.	Agreed. The Council will develop a timetable for implementation of strategy by October 2007. Thereafter these will be monitored quarterly. Best Value Efficient Government Risk Management Performance Management	Policy & Strategy Manager Head of Strategic Finance Head of Democratic Services & Governance Policy & Strategy Manager	Ongoing from October 2007
5	The Council should accelerate the current timetable for implementing its performance management system across all Council services as quickly as possible.	A report for the Executive Committee outlining options to achieve an accelerated implementation of the performance management system will be prepared.	Chief Executive	October 2007
6	The Council should take steps to incorporate benchmark information into its performance management system to establish its relative performance across both its operations and with other local authorities.	Already in place for SPI. As individual services are implemented through Pyramid then use of benchmarking will be incorporated.	Policy & Strategy Manager/Heads of Service	Already underway and ongoing.
7	The Council's corporate and service plans should be developed further to incorporate Specific, Measurable, Attainable, Realistic and Timebound (SMART) targets and milestones to provide greater clarity around performance expectations.	The current review of the corporate plan and preparation of service plans will take account of this.	Policy & Strategy Manager/Heads of Service	December 2007
8	The Council should develop its risk management arrangements as an effective operational management tool. The 'strategic risk register' should be extended to cover both strategic and operational risks.	Loss control groups in each department are developing operational risk registers the strategic and operational risk registers and as this happens the strategic and operational risk register will be incorporated into pyramid.	Head of Democratic Services & Governance	Ongoing in line with implementation of Pyramid System
9	The Council should formally evaluate the resources, skills and expertise required to undertake reviews of efficiency and performance, and to implement the recommendations from these reviews. The Council should establish a programme of training, recruitment and/or external support (for example,	A report for the Executive Committee outlining options for taking this forward will be prepared.	Chief Executive	October 2007

No	Recommendation	Management Response	Responsible Officer	Implementation date
	consultants or peer review arrangements) to meet any identified skills gap.			
10	The Council should continue to be proactive in identifying and applying best practice and new ways of working including, for example, use of peer review and external challenge, and identifying and sharing best practice.	Agreed.	SMT	Ongoing
11	The Council should establish a timetable for meeting its e-government agenda targets taking account of the development of customer contact centres, and to take full advantage of the opportunity for more effective and efficient working.	The customer service centre board will provide recommendations to the council in November 2007 as to a forward plan for implementing the remaining government electronic service delivery targets and identifying other customer service activities for implementation within the customer service centre. The pace of delivery will be dependant on the resources available to implement the project and will be detailed to the council.	Head of Democratic Services & Governance	Ongoing from April 2008 completion dependant on resources and scope
12	The Council should further develop its asset management strategy, particularly for non-educational assets, to cover issues such as utilisation, state of repair and energy efficiency.	Recent work undertaken provides a sound basis for taking this forward. An action plan has been prepared covering the issues raised.	Director of Development Services	October 2007 and ongoing
13	The Council should review assets which are surplus to requirements and establish a clear plan for managing its surplus assets as soon as practicable.	Agreed	Corporate Asset Manager	December 2007
14	The Council should establish a systematic process for identifying, measuring, monitoring and reporting on efficiency. The Council should also develop a programme of efficiency savings to meet central government targets and expectations.	Agreed – will be incorporated into 2008/09 planning and budget process.	Head of Strategic Finance	February 2008
15	The Council should develop an action plan for implementing its strategy for shared services and joint working with its partners. Best value reviews should explicitly consider whether existing Council services could be provided on a shared basis going forward.	Agreed – Draft Action Plan already submitted to SMT and will be considered by Shared Service & Procurement Board	Head of ICT & Financial Services	October 2007
16	The Council's budgets should be better aligned with corporate priorities. The Council should explore ways of developing the link between performance and financial management.	This will be incorporated into 2008/09 Planning and Budgeting exercise	Head of Strategic Finance	Immediate
17	The Council should build planned efficiency savings into its budget management, monitoring and reporting arrangements.	This will be incorporated into 2008/09 Planning and Budgeting exercise	Head of Strategic Finance	February 2008

No	Recommendation	Management Response	Responsible Officer	Implementation date
18	The Council should identify the performance information requirements of the Council's partners, service users and citizens at both a corporate and service level. Public Performance Reporting should be undertaken as part of an overall corporate communications strategy.	The performance information requirements for public performance reporting will be identified in detail with each service during the roll-out of the Pyramid performance management system.	Policy & Strategy	As per Phase 2 programme for Pyramid
		Policy and Strategy team will develop guidance for services on public performance reporting, highlighting the ways in which information can and cannot be used and presentation to ensure effective communication.	Policy & Strategy and Communications	December 2007