
APPENDIX 5

Argyll & Bute Council

Performance Management and Planning – Follow-up of the 2000/2001 Audit of Registration Services

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Executive Summary

Introduction

1.2 Best Value has been progressing in Scottish Councils since late 1997, with the Best Value Task Force's second report issued in July 1998 requiring Councils to develop a performance management and planning (PMP) framework, which delivers continuous improvement.

1.3 As part of the auditor's statutory responsibilities, he is required to satisfy himself that a local authority has in place appropriate management arrangements to secure value for money from the resources available to it. With the introduction of the Best Value regime for councils, this element of the audit – the Performance Management and Planning audit - has been used to review the progress that councils are making in implementing the framework set out by the Best Value Task Force.

Audit Scope and Objectives

1.4 The review required Service managers to submit two reports to their auditors, namely:

- an Improvement Action Progress Report (IAPR). This report is used to record progress in implementing the improvement actions agreed during the 2001/2002 audit; and
- a Best Value Achievement Report (BVAR). This report is used to record tangible improvements, which have been, achieved overall since the introduction of Best Value.

1.5 The PMP follow-up audit has the following objectives:

- to identify the extent to which planned improvements have been implemented; and
- to provide independent, external assurance that the audited service is making progress in implementing Best Value and its PMP framework.

Evidence Base

1.6 A key requirement of the PMP audit is that it is evidence based and as part of the audit we sample checked a range of evidence to verify that progress was being made in implementing actions recorded in the IAPR and to substantiate achievements outlined in the BVAR.

Overall Conclusion

1.7 In general, our conclusion is that the Service can demonstrate clear commitment and progress in implementing the PMP framework. We examined evidence, which confirmed that the Registration Service had made significant progress in implementing its IAPR and had also achieved a number of important service improvements.

Summary Of Main Findings

1.8 Two of the seven improvements (28%) agreed as part of last year's audit have been fully implemented as planned. Of the remaining five actions, four are substantially complete. However, the implementation of one of the improvement actions has proved difficult and alternative arrangements have been put in place.

1.9 The Service has achieved a number of tangible service improvements since the introduction of Best Value including for example:

- A revised customer questionnaire has been introduced to determine the extent of satisfaction with the Service;
- Registrars conduct marriage ceremonies outwith registration offices which provides a more flexible service for customers;
- A Best Value review group has been established and has met on a regular basis; and
- Staff have been actively involved in supporting continuous improvements.

Acknowledgements

1.10 The co-operation and assistance given by all officers contacted during the course of this review is gratefully acknowledged. There was a clear commitment given by officers at all levels within the Service to the completion of the PMP follow-up audit.

Argyll & Bute Council - 2002/03

Performance Management and Planning Follow up of the 2001/2002 Audit of Roads and Transportation

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Executive Summary

Introduction

- 1.1 Best Value has been progressing in Scottish Councils since late 1997, with the Best Value Task Force's second report issued in July 1998 requiring Councils to develop a performance management and planning (PMP) framework, which delivers continuous improvement.
- 1.2 As part of the auditor's statutory responsibilities, he is required to satisfy himself that a local authority has in place appropriate management arrangements to secure value for money from the resources available to it. With the introduction of the Best Value regime for councils, this element of the audit – the Performance Management and Planning audit - has been used to review the progress that councils are making in implementing the framework set out by the Best Value Task Force.

Audit Scope and Objectives

- 1.3 The audit required Service managers to submit two reports to their auditors, namely:
 - an Improvement Action Progress Report (IAPR). This report is used to record progress in implementing the improvement actions agreed during the 2001/2002 audit; and
 - a Best Value Achievement Report (BVAR). This report is used to record tangible improvements, which have been, achieved overall since the introduction of Best Value.
- 1.4 The PMP follow up audit has the following objectives:
 - to identify the extent to which planned improvements have been implemented; and
 - to provide independent, external assurance that the audited service is making progress in implementing Best Value and its PMP framework.

Evidence Base

- 1.5 A key requirement of the PMP audit is that it is evidence based and as part of the audit we sample checked a range of evidence to verify that progress was being made in

implementing actions recorded in the IAPR and to substantiate achievements outlined in the BVAR.

Overall Conclusion

1.6 In general, our conclusion is that the Service can demonstrate a clear commitment and progress in implementing the PMP framework. We examined evidence, which confirmed that the Service had made significant progress in implementing its IAPR and had also achieved a number of important service improvements.

Summary Of Main Findings

1.7 Thirteen of the twenty-two improvements agreed as part of last year's audit have been fully implemented as planned (59%). Four actions are substantially complete. The remaining five issues cannot be progressed, at this time, and are not considered as requiring further distinct action by the Service.

1.8 The Service has achieved a number of tangible service improvements since the introduction of Best Value including for example:

- the transportation strategy continues to be undertaken in accordance with Access to the Future and corporate objectives;
- all stakeholders were advised of the findings of the consultation stage of the Best Value Service Review;
- performance indicators have been developed for all areas of the Service;
- the Service is an active member of the Celtic Benchmarking Club, a group created to formulate best practice in highway maintenance;
- continuing membership of Hitrans, a group created to develop and co-ordinate transportation strategies on a regional basis in Scotland;
- continued working with relevant bodies in order to promote the re-introduction of the Campbelltown to Ballycastle ferry service;
- active membership of Association for Public Service Excellence (APSE);
- improvements to the financial information presented to managers have been made;
- civil engineering contracts now conform to the ICE 5th edition;
- minutes of departmental management team meetings are made available to office staff;
- equality issues have been addressed through appropriate training; and
- a report and action plan has been prepared as part of the Scotland's Health at Work Initiative (SHAW).

Acknowledgements

1.9 The co-operation and assistance given by all officers contacted during the course of this review is gratefully acknowledged. There was a clear commitment given by officers at all levels within the Service to the completion of the PMP follow-up audit.

Argyll & Bute Council – 2002/03

Performance Management and Planning

Follow up of the 2001/2002 Audit of Community Care

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Executive Summary

Introduction

- 1.1 Best Value has been progressing in Scottish Councils since late 1997, with the Best Value Task Force's second report issued in July 1998 requiring Councils to develop a performance management and planning (PMP) framework, which delivers continuous improvement.
- 1.2 As part of the auditor's statutory responsibilities, he is required to satisfy himself that a local authority has in place appropriate management arrangements to secure value for money from the resources available to it. With the introduction of the Best Value regime for councils, this element of the audit – the Performance Management and Planning audit - has been used to review the progress that councils are making in implementing the framework set out by the Best Value Task Force.

Audit Scope and Objectives

- 1.3 The audit required service managers to submit two reports to their auditors, namely:
 - an Improvement Action Progress Report (IAPR). This report is used to record progress in implementing the improvement actions agreed during the 2001/2002 audit; and
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 - to identify the extent to which planned improvements have been implemented; and
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- 1.5 A key requirement of the PMP audit is that it is evidence based and as part of the audit we sample checked a range of evidence to verify that progress was being made in implementing actions recorded in the IAPR and to substantiate achievements outlined in the BVAR.
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Overall Conclusion

1.6 In general, our conclusion is that the Service can demonstrate clear commitment and progress in implementing the PMP framework. We examined evidence, which confirmed that Community Care Services have made significant progress in implementing the IAPR and had also achieved a number of important service improvements.

Summary Of Main Findings

1.7 Of the twenty-two improvements agreed as part of last year's audit, ten have been fully implemented as planned. Ten of the remaining twelve actions are substantially complete and are on target to be implemented by the agreed milestone dates. Two improvements (the introduction of benchmarking to consultation exercises and the introduction of an asset management document are not considered as requiring further action, by the Service, at this time.

1.8 The service has achieved a number of tangible service improvements since the introduction of Best Value including for example:

- best value achievement reports have been disseminated to staff to provide them with a greater understanding of progress made;
- a "Care Inform" newsletter has been introduced and distributed every four to six weeks to inform staff of the range of initiatives within Community Care;
- Heads of Service now meet quarterly with a range of staff groups;
- Best Value action plans have been developed and are monitored through the Best Value Implementation Group;
- the Service Plan has been shortened and revised to make it more readable;
- A Training Strategy and Plan has been introduced;
- The budgetary control report format has been reviewed; and
- Performance Indicators reports are submitted quarterly for each service.

Acknowledgements

1.9 The co-operation and assistance given by all officers contacted during the course of this review is gratefully acknowledged. There was a commitment given by officers at all levels within the Service to the completion of the PMP follow-up audit.

Argyll & Bute Council 2002/03

Management Report

Regularity & Governance (1)

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Executive Summary

Introduction

We conduct our audit in accordance with Audit Scotland's Code of Practice. The Code makes clear that it is the responsibility of management to ensure that internal control systems are appropriate.

As part of our 2002/03 interim audit activity, a review was undertaken of the nature and extent of the Council's financial involvement with external bodies. The review was intended to identify any situation where Council funds are transferred to an external body for the purpose of carrying out a function of the local authority or achieving a policy objective of the Council. Our approach sought to establish the extent of expenditure in this area and to obtain assurance, by system review and testing, as to the existence and operation of internal controls considered essential to ensure that appropriate procedures are followed and to ensure that comprehensive documentation is retained.

This report summarises the main findings identified from this area.

Summary of Main Findings

In 2001/2002, the Council spent £1.407 million of revenue funding on 235 external organisations. Two organisations received £25,000 of capital funding. The Net Cost of Services for the Council was £214.741 million in 2001/2002 and less than one percent of this amount was spent on external organisations for the purpose of carrying out a function of the local authority or achieving a policy objective of the Council. Nevertheless, the fact that these monies are not under the direct control of the Council increases the risk that they may not be used for the purpose that they were originally intended.

A framework of control should be developed which includes introducing a register of funded bodies, their purpose and any member or officer involvement. For significant funding arrangements, this register should be supplemented by defined financial and non-financial performance measures and a monitoring process. We identified that payments made to Argyll, the Isles, Loch Lomond & Trossachs Tourist Board of £217,000 were not monitored as tightly as would have been expected.

This report summarises the findings from our review and, where appropriate, makes recommendations to address the weaknesses identified. It identifies and summarises data gathered as part of a national review of this area. It should be noted that communication of

weaknesses does not absolve management from its responsibility for the maintenance of an adequate system of control. The Action Plan included within this report sets out the agreed action to be taken in response to the main recommendations, graded to show their relative priority, and the timescales within which these issues are to be addressed. The Action Plan should be read in conjunction with the relevant references from the main body of the report.

It should be understood that weaknesses highlighted in this report are only those which have come to our attention during normal audit work in accordance with the Code of Audit Practice and therefore are not necessarily all of the weaknesses which may exist.

The factual content of the report has been agreed in discussion with appropriate officers from the Council.

The co-operation and assistance afforded to audit staff during the course of the audit are gratefully acknowledged.

ACTION PLAN

No.	Recommendation	Responsible Officer	Action	Date
1	<p>A register or database of funding arrangements with external organisations should be created. This should include a register of members and officers who sit on the boards or committees of external organisations and the purpose of each body funded.</p> <p><i>High Priority</i></p>	Moirra Miller Corporate Accounting Manager	Will develop database. Led by finance but require input from departments.	30 September 2003
2	<p>Quarterly budget reports from Argyll, the Isles, Loch Lomond & Trossachs Tourist Board should be reviewed by Finance staff.</p> <p><i>High Priority</i></p>	Peter Cupples Accounting Services Manager	Request copies of quarterly budget reports from staff in DES. Carry out review of quarterly budget reports.	Immediate
3	<p>Financial and non-financial performance measures should be defined for funded organisations above a significant value.</p> <p><i>Medium Priority</i></p>	Bruce West Head of Accounting	Will develop measures for financial and non-financial performance in conjunction with departments – led by finance but will require departmental input.	30 September 2003
4	<p>A monitoring procedure should be prepared to ensure that available performance measures are collected and reported.</p> <p><i>Medium Priority</i></p>	Bruce West Head of Accounting	Will develop reporting procedures following development of performance measures as outlined in recommendations – led by finance but will require departmental input.	31 October 2003

FOLLOWING THE PUBLIC POUND

Introduction

Councils have powers in certain circumstances to enter into agreements with external bodies that undertake functions which might normally be carried out by councils themselves. The external body may be a council-funded trust or company or, in other cases the relationship may be with grant aided organisations and voluntary bodies. A common feature of these arrangements is that the service is delivered outwith the local authority regulatory framework. The Local Government in Scotland Bill, modernisation of government and community planning initiatives may result in increasing numbers of arms-length arrangements.

It is important that appropriate monitoring mechanisms are in place to enable councils to discharge their stewardship and accountability duties in relation to the public funds provided to such bodies. The Code of Guidance on Funding External Bodies and Following the Public Pound, developed jointly by the Accounts Commission and COSLA (1996), sets out the principles of best practice for councils.

This report forms part of a national exercise to review and update the existing guidance to ensure that it reflects best practice and remains relevant in changing circumstances.

A survey was undertaken to capture any situation where local authority funds are transferred to an external body for the purpose of carrying out a function of the local authority or achieving a policy objective of the authority. The Council completed a self-assessment questionnaire detailing the type of organisations that they fund, the departments that are funding them and the amounts that they paid to these organisations. Further, more detailed information was established for the three largest organisations funded by each department.

An audit review of the questionnaire was undertaken to determine the reliability of the Council's responses and identify any areas where internal control could be improved.

Main Findings

In 2001/2002, the Council provided financial support to arms' length organisations amounting to £1.4 million of revenue funding. Capital funding was limited to £25,000 on two small projects. The different category of organisations funded by the Council include:

- ◆ Commercial companies;
- ◆ Charities;
- ◆ Unincorporated bodies; and
- ◆ Voluntary organisations.

The Council incurred £214.741 million on services during 2001/2002. The departments which fund external organisations to a significant extent are as follows:

- ◆ Cultural and related services;
- ◆ Planning and development;
- ◆ Social work; and
- ◆ Education.

The total gross expenditure of these departments and the amount that they spent on external organisations is demonstrated in Exhibit 1:

Exhibit 1: Financial Support to Arms Length Bodies as a % of Service gross expenditure in 2001/2002

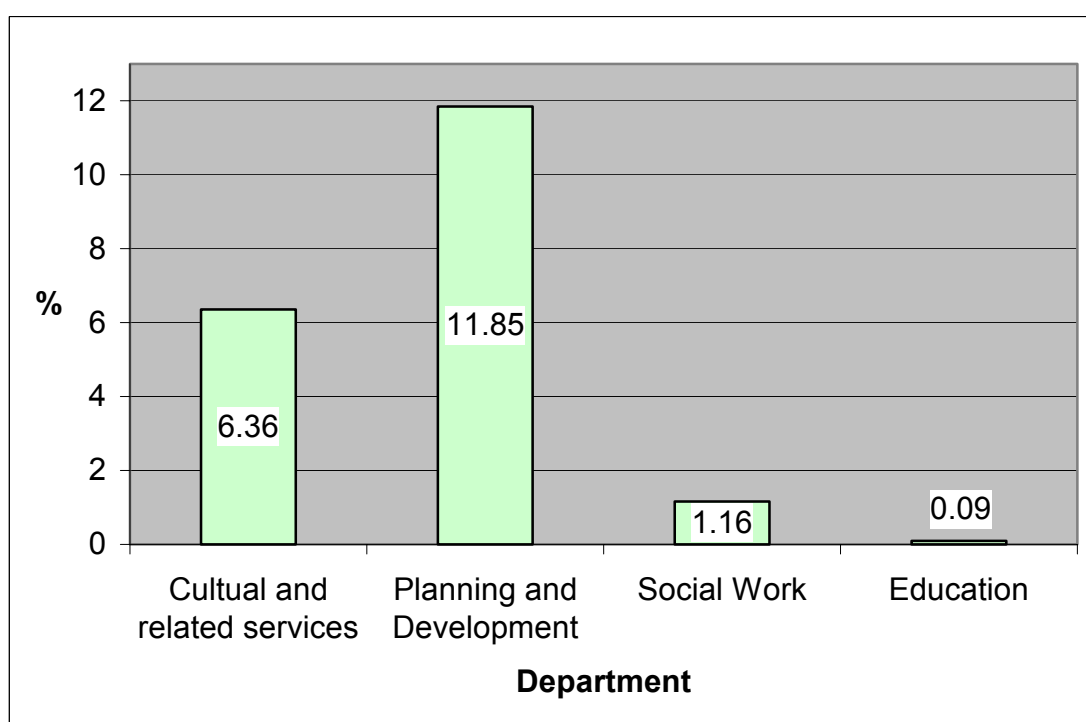
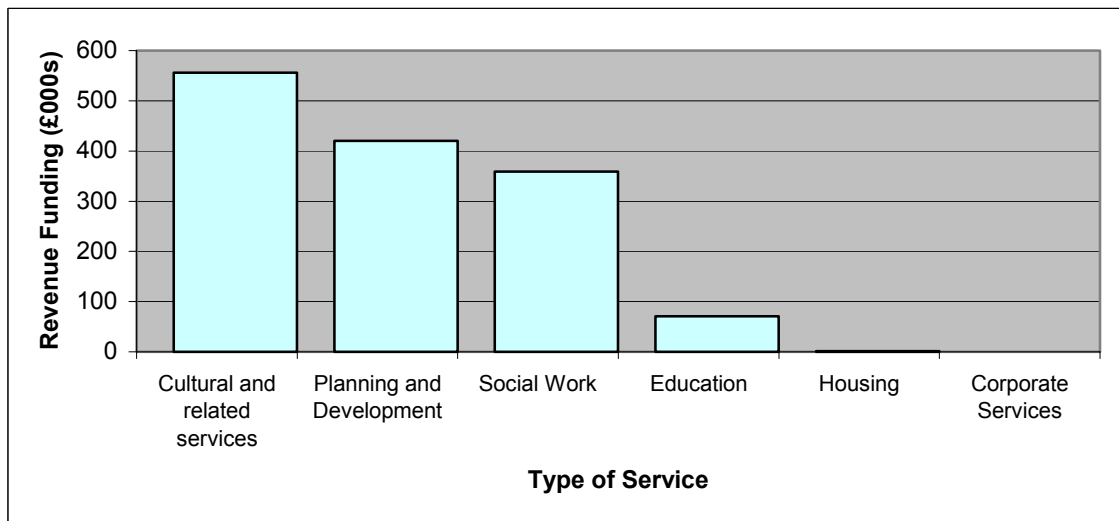


Exhibit 1 shows that 11.85% of the annual expenditure incurred in Planning and Development Services was spent on external organisations. Cultural and Related Services spent £556,000 on external organisations, accounting for 6.36% of their total annual expenditure in 2001/2002. This was the Service that spent most in this area. Exhibit 2 denotes the expenditure incurred in 2001/2002 by each service:

Exhibit 2: Financial Support to Arms Length Bodies by Type of Service



Cultural and related services, including sports and leisure, awarded revenue funding to 118 external organisations. This represented 40% of the total spend, in this area, by the Council. Planning and development expenditure of £420,000 on 37 organisations accounted for 30% and Social Work expenditure of £359,000 on 71 organisations represented 26% of the total.

The largest recipient of revenue funding from Cultural and Related Services, including sport and leisure is Oban & Lorne Community Enterprise Limited. It received £269,000 from the Council in 2001/2002. In order to ensure that the money is spent in accordance with the terms of the award, there are two Councillors on the Enterprise Board. Councillors are also represented on the boards of Islay & Jura Community Enterprise and Mid Argyll Community Enterprise, the second and third largest recipients of monies.

Planning and Development Services, including Economic Development awarded £217,000 to Argyll, the Isles, Loch Lomond & Trossachs Tourist Board, £25,000 to the Group for Recycling in Argyll & Bute (GRAB) and £20,000 to Argyll, Lomond and the Isles Energy Agency (ALIEA). Elected members represented the Council on all three of these organisations' boards.

A register of funding arrangements allows the Council to monitor the amounts that are being paid to external organisations fulfilling a Council policy objective. The Council does not maintain such a register and its absence suggests that the Council cannot easily identify the extent to which it is relying on external organisations to achieve its policy objectives.

Refer to action point 1

The review also noted that the Council does not record the names of members or officers who sit on the boards or committees of external organisations.

Refer to action point 1

The basis of funding provided to external organisations should be specific and clearly stated and the Council should employ a methodology for verifying whether the objectives of the funding given are being met by the body. The purpose of funding was not always clearly stated and this should be fully established for each organisation. This enables clearer assessment of performance and enables officers to assess whether objectives are being met.

Refer to action point 1

The Council has stated that there are arrangements in place for monitoring and reporting financial support given to external bodies. Grant support of £217,000 is paid to Argyll, the Isles Loch Lomond, Stirling and the Trossachs Tourist Board and two Councillors sit on the Board. Although quarterly budget reports are received, there is no review of these by Finance staff.

Refer to action point 2

The absence of defined measures of performance in some funding arrangements, particularly where the funding is significant¹, indicates the need for a small number of financial and non-financial performance measures to be established for significant organisations funded by the Council. The non-financial measures may include data on tourist numbers, opening hours and visitors to tourist information centres in the case of the tourist boards. A monitoring procedure should be prepared to ensure that available performance measures are collected and reported.

Refer to action points 3 & 4

Conclusion

The Council committed over £1.4 million of financial support to arms-length organisations for the purpose of carrying out a function or delivering a policy objective of the Council in 2001/2002. There is a need for the Council to design and implement appropriate control mechanisms to ensure that funding is applied to the purpose for which it was given.

This review recommends that the Council establishes a database of funded organisations and their purpose and details any representation on their boards of control. The Council should also determine a monetary value, above which the organisation funded should have defined financial and non-financial objectives and a monitoring regime.

¹ COSLA Operational Guidance on Funding External Bodies and Following the Public Pound states that “a substantial financial relationship is likely to involve council expenditure equal to the product of at least £1 on council tax”. At Argyll & Bute Council, this represents funding of about £35,000 (based on 2001/2002 Council Tax Income and Band D equivalents).