Argyll and Bute Council

Statutory report

AUDIT SCOTLAND

Contents

Part 1. Introduction

Best Value

1. The Local Government in Scotland Act 2003 introduced the statutory duty of Best Value in local government. In response, the Accounts Commission began the audit of Best Value and Community Planning. Since then we have published Best Value (BV) audit reports on all 32 councils in Scotland. The first BV report about Argyll and Bute Council was published in February 2006 and a progress report was published in December 2008.

2. The next phase of BV audits are carried out and reported under the same legislation but the approach has moved on considerably from the 32 baseline audits. In particular, the audits are based on a shared risk assessment carried out with colleagues from other local government inspectorates that form a Local Area Network (LAN). These BV audits are focused on the particular risks and the issues faced by individual councils.

3. The LAN produced the first Assurance and Improvement Plan (AIP) for Argyll and Bute Council in 2010. The LAN has subsequently produced updated AIPs each year. The AIP sets out the planned scrutiny activity for the council for a three-year period. In the three AIPs produced in 2010, 2011 and 2012, the shared risk assessment identified and planned no BV audit work at Argyll and Bute Council.

The scope of the audit

4. The AIP for 2013-2016, identified that scrutiny was required on some aspects of Argyll and Bute Council's leadership and culture, specifically the effectiveness of councillor to councillor and councillor to officer working relationships. This is the focus of this targeted BV audit work.

5. The audit team carried out the audit work between May and August 2013. The scoping work was completed in May 2013 and the team carried out interviews, observations and focus groups at the council in June 2013.

6. During the onsite work the team interviewed nine councillors, five council officers and the independent chairpersons of the council's Audit Committee and Performance Review and Scrutiny Committee. The team also held two focus groups with councillors and observed six meetings.

7. In addition to this BV audit work Audit Scotland is also reviewing the sale of two council properties. In February 2013, Argyll and Bute Council asked us to investigate some issues regarding the council's dealings with an external company, Actual Reality Learning and Leadership Limited (now Actual Reality Trust). It was not appropriate to carry out work on all of the issues raised but the sale of two council properties, Castle Toward and Ardentinny, were reviewed as part of the 2012/13 annual audit. The findings will be reported in the Annual Audit Report to the Controller of Audit and to members of the council. This report will be issued to the Controller of Audit and the council by the end of October 2013.

About this audit report

8. My decision as Controller of Audit is to make a statutory report under Section 102(1)(b) of the Local Government (Scotland) Act 1973. This provides for the Controller of Audit to make reports to the Commission about any matters arising from the accounts of local authorities, or the auditing of those accounts, that I think should be considered by the local authority or brought to the attention of the public.

9. This report is made up of four further sections:

- Part 2, the summary, pulls together key points from the report and my overall assessment from the audit work.

- Part 3, the context, provides information about the area, the political make-up of the council and the governance structures.

- Part 4, the timeline, sets out some of the main events, illustrating the range of issues and challenges at the council.

- Part 5, the audit assessment, sets out my judgements on the political culture, the political governance arrangements and working relationships. It considers the effect the instability is having on the council and how the council is trying to make improvements.

10. Many of the issues highlighted in this audit report reflect the themes and conclusions of the Accounts Commission's report How Councils Work: Roles and working relationships: Are you getting it right? published in August 2010. I have therefore used a number of quotes from the report to help set the context for the judgements made.

11. I gratefully acknowledge the cooperation and assistance provided to the audit team by the chief executive, Sally Loudon, the leader of the council at the time of the audit work Councillor Roderick McCuish, the lay-chairpersons who met with members of the team as part of the audit, and all other councillors and staff involved.

Part 2. Summary

The political instability in Argyll and Bute Council means that there is a lack of collective strategic leadership by councillors. The council's current political management arrangements are contributing to the problems rather than helping the council do business effectively.

Working relationships between councillors and between a few councillors and officers are strained and the challenges facing the council are affecting the capacity of senior managers.

The problems are not yet affecting frontline services, but they are beginning to inhibit progress with strategic planning and there is a risk that services may suffer in the future if the current difficulties are not addressed.

There is widespread acceptance within the council that the current situation is not sustainable and that rapid improvement is needed. This acceptance is an important foundation on which to build.

13. Argyll and Bute Council is lacking collective strategic leadership from its councillors and without rapid improvement, there is a risk that it will find it difficult to deliver its priorities for its communities.

14. Since the 2012 election, there has been increasing instability in the political dynamics of the council and there has been a lack of consistent political leadership. For example, in addition to the change of leader immediately following the 2012 election there have been two further changes of leader in one year. From May 2013, until the time of writing this report in September 2013, the council had no depute leader and there was no clear administration. The council very recently established a new administration in September 2013.

15. Changes in political groupings, as well as shifting allegiances across and within these groups, are exacerbating a culture of mistrust and putting a strain on working relationships.

16. A range of factors have contributed to increased tensions over the past few years and in particular since the May 2012 election.

    • Strong local area identities and different local priorities with increased pressure on strategic spending priorities has increased the tension for councillors in fulfilling their roles as strategic leaders and local representatives.

    • Difficult decisions on emotive issues have proven divisive, and in the process have damaged the trust between councillors and between a few councillors and officers.

    • Although councillors behave appropriately in public meetings, they also describe behaviours outside the chamber as less positive and this reinforces a sense of mistrust amongst them.

    • Tensions between newer and established councillors are evident.

17. The council's political management arrangements have contributed to, rather than helped the difficulties with the political culture. Changes made following the 2012 election have not been effective. The workload for full council meetings is not sustainable, with all policy development and decision-making made through the full council.

18. Strategic scrutiny is not effective, progress on developing the council's Performance Review and Scrutiny Committee has been slow and there is limited scrutiny of service performance by the full council. Councillors do not have a common understanding of their scrutiny role and how that should work in practice.

19. Working relationships between some councillors and officers are also difficult at times, although particularly challenging relationships are confined to a small number of people. The capacity of senior managers is strained by this and the combination of challenges currently facing the council.

20. Senior officers need to consider what further they can do to ensure they are effectively supporting councillors to fulfil their roles and responsibilities. This includes how they support councillors to make the difficult decisions that lie ahead. This will require councillors to have a clear understanding of their respective roles and responsibilities and for officers to ensure that councillors get the information, guidance and support they need.

21. The problems are not yet affecting frontline services, but they are beginning to inhibit progress with strategic planning and there is a risk that services may suffer if the current difficulties are not addressed. The council recognises that continued instability and tensions could have a negative effect on strategic planning, service planning, service performance and outcomes as well as staff morale and the reputation of the council. It is less clear whether at an individual level councillors and officers recognise their own individual roles in addressing the problems.

22. The council recognises the seriousness of the current situation. It is in the process of developing new political management arrangements. It is introducing a training and development programme to support councillors and it has commissioned external support from the Improvement Service. It is also in discussion with other external sources of support.

23. It is clear that the current situation is not sustainable and it is important that councillors and officers work together to address the difficulties to ensure that the council can deliver for the people of Argyll and Bute.

Part 3. Context

Argyll and Bute

24. Argyll and Bute is Scotland's second largest local authority area and the third most sparsely populated. It has a relatively small population of 89,590 dispersed across six main towns and many remote, rural and small communities, including 25 inhabited islands. The geography and demographics present specific challenges to the council in terms of supporting and sustaining its many communities. The population profile is ageing and the area had the highest rate of depopulation in Scotland at -3.4 per cent between 2001 and 2011[1]. The number of older people is expected to increase by 20 per cent and the proportion of children and working age population are projected to decrease by almost 14 per cent by between 2010 and 2035[2].

25. Transport links are an important part of the context of the area. Approximately 17 per cent of the population rely on ferry services. The size of the area and the absence of an extensive rail network also mean that a significant proportion of the population is dependent on the road network.

26. The council has four administrative areas; Oban, Lorn and The Isles, Mid Argyll, Kintyre and Islands, Bute and Cowal and Helensburgh and Lomond (Exhibit 1). Each has an area committee that meets approximately bi-monthly.

Exhibit 1

Map of Argyll and Bute Council's Administrative Areas
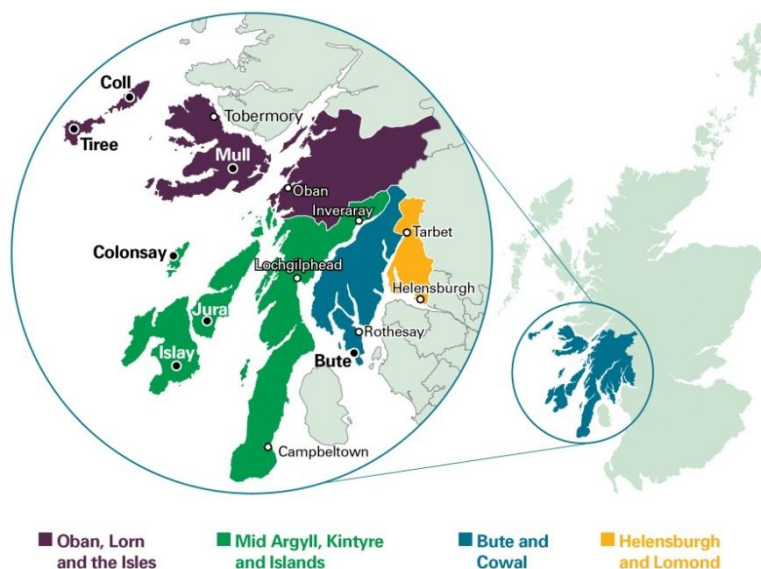
Source: Audit Scotland

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[1] Percentage change in total population by council area (2001 to 2011), National Records of Scotland
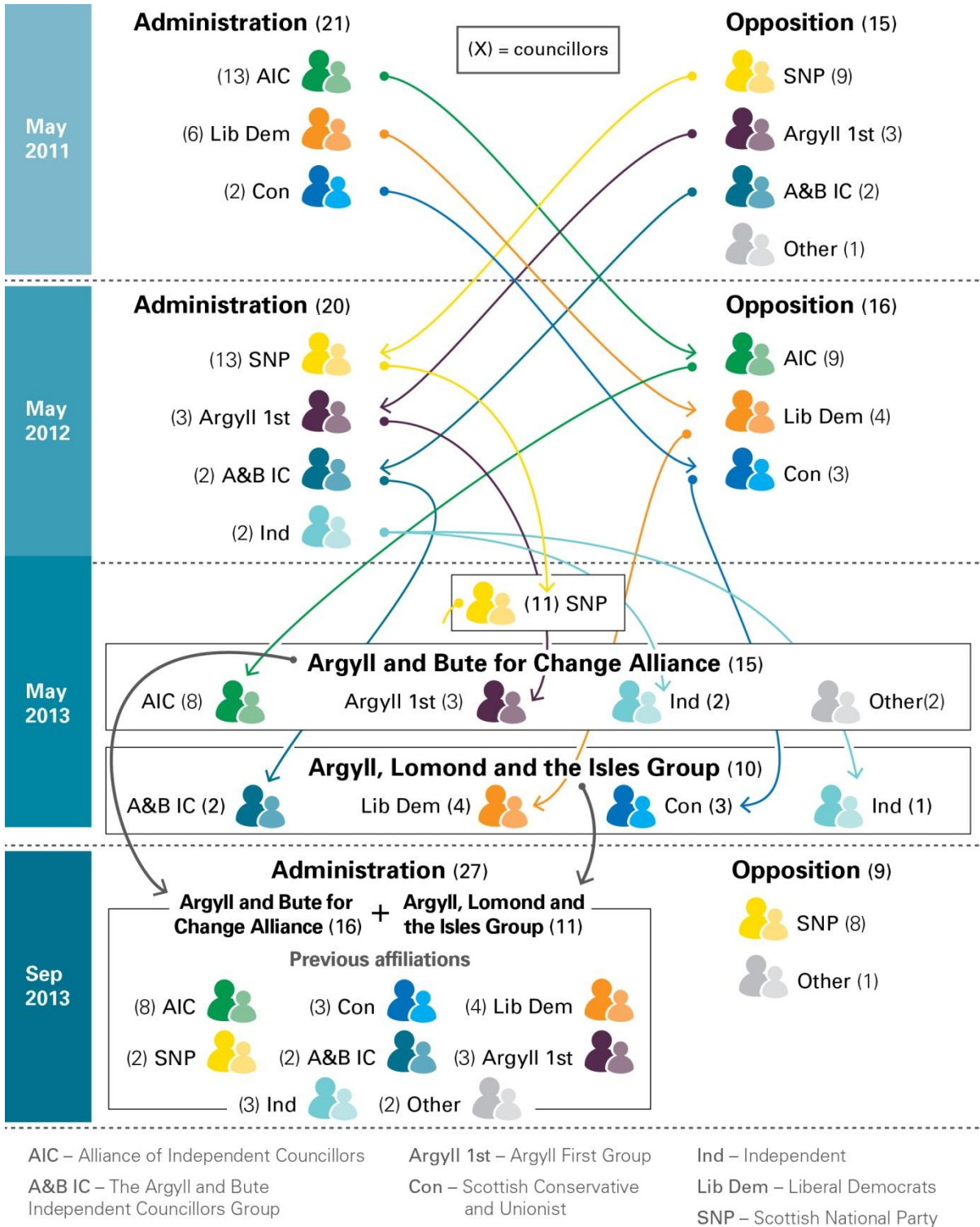[2] Population Projections for Scottish Areas (2010-based), General Register Office for Scotland

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Political groupings

27. The council has 36 councillors representing the people of Argyll and Bute across 11 wards and through the four administrative areas.

28. The political make-up of the council has undergone significant changes between 2007 and 2013.

29. Following the May 2007 local government elections, the council was led by a coalition of SNP and the Alliance of Independent Councillors. In December 2010, a new administration was formed between the Alliance of Independent Councillors, the Scottish Liberal Democrats and Conservatives, following the SNP group's decision not to support a motion by the Alliance to consult on the closure of 25 primary schools.

30. The May 2012 local government elections resulted in a coalition administration of SNP, Argyll First Group, Argyll and Bute Independent Councillors and two Independent Councillors. The opposition was led by the Alliance of Independent Councillors, Liberal Democrats and Conservatives. However, following two resignations from the SNP group in April 2013 and three resignations from the Argyll First Group in May 2013, the administration dissolved. At the time of our audit in June 2013, the council did not have a stable administration in place.

31. At the full council meeting on the 26th of September 2013, a new administration, leader and depute were approved. The new administration consists of the Argyll and Bute For Change Alliance in partnership with the Argyll Lomond and the Isles Group. The total number of councillors aligned with this administration is 27. The opposition includes eight SNP councillors and one non-affiliated councillor.

32. Exhibit 2 illustrates the political make-up of the council in May 2011, following the 2012 election, May 2013 and September 2013. The previous affiliations of the councillors making up the new administration are included for information in the exhibit.

Exhibit 2

Political make up May 2011, May 2012, May 2013 and September 2013

AIC – Alliance of Independent Councillors

A&B IC – The Argyll and Bute Independent Councillors Group

Argyll 1st – Argyll First Group

Con – Scottish Conservative and Unionist

Ind – Independent

Lib Dem – Liberal Democrats

SNP – Scottish National Party

Source: Audit Scotland

33. The council has included a significant proportion of new councillors between 2007 and 2012. Following the 2007 local government elections, 13 councillors were new to the council. A further ten councillors were new following the 2012 elections.

34. The council has ten lead councillors, representing different portfolio areas across the council. The thematic portfolios reflect council functions such as environment, development and infrastructure, adult care, community, culture and strategic housing, education and lifelong learning.

Decision-making and governance arrangements

35. Exhibit 3, below, shows the governance arrangements between December 2007 and June 2012. The council used an executive model and full council and executive meetings were held on a monthly basis. The Executive Committee included sixteen councillors, twelve from the administration and four from the opposition. In addition, the executive included five non-councillor representatives, representing education and religion, with voting rights only on these matters. The structure also included an Audit Committee, four policy and performance groups (with thematic remits of the economy, the environment, social affairs and organisational development) and four area committees.

Exhibit 3

Pre 2012 elections political governance structure
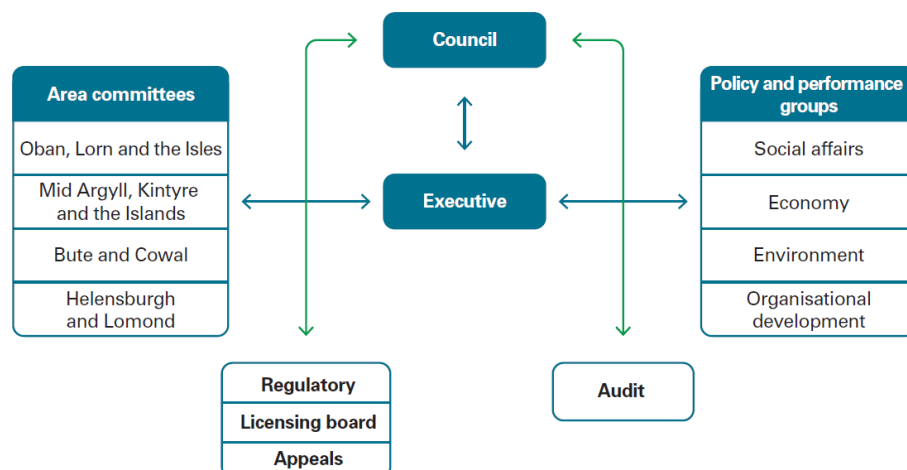
Source: Argyll and Bute Council

36. In June 2012, the Executive Committee was discontinued, with powers previously delegated to this committee reverting to the full council, which continues to meet on a monthly basis. The remits of the four policy and performance groups also reverted to the full council and to a new Performance Review and Scrutiny Committee (PRS Committee). The council agreed the PRS would be chaired by an independent, non-councillor, similar to existing Audit Committee arrangements.

37. Exhibit 4 shows the council's current governance arrangements. In June 2013, the council agreed to set up a short life working group to review the current political management

arrangements. The findings of this group were due to be reported to full council in August 2013. Progress reports were made at the council meetings in August and September. The September report stated that the working group had not yet completed its work and that it planned to report its findings to full council in October 2013.

Exhibit 4

Post 2012 elections Governance Structure

Source: Audit Scotland

Management structure

38. In September 2008, the council appointed a new chief executive. In 2010 a significant restructuring exercise was implemented, replacing the four strategic directors with three executive directors. The realignment of services resulted in the creation of 12 new head of service posts to replace the previous 15 posts (Exhibit 5).

Exhibit 5

Management structure
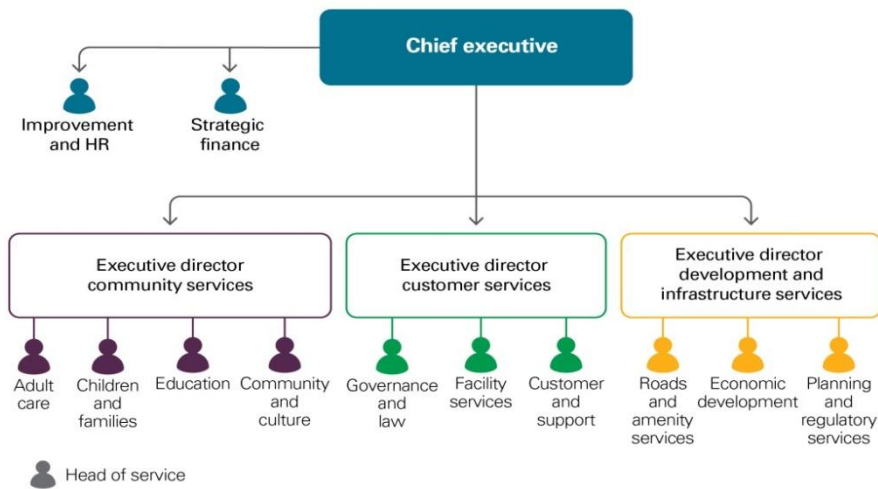
Source: Argyll and Bute Council

Part 4. Timeline of events

39. This part of the report sets out some of the main events at Argyll and Bute Council relevant to the audit in chronological order. Political changes, governance changes and other significant events are set out from 2010 to the completion of the audit work in September 2013. This section describes the timeline of relevant issues at the council as a background for the following section, which details the audit assessment.

2010 and 2011

Political leadership

40. In December 2010 the council's political composition changed from a coalition between the Alliance of Independent Councillors (AIC) and the SNP to a partnership between the AIC and the Liberal Democrat and Conservative groups, following the SNP group's decision not to support a motion by the AIC to consult on the closure of 25 primary schools. In January 2011, a new political group, The Argyll and Bute Independent Councillors Group was formed, which comprised of two former AIC councillors.

Governance arrangements

41. In April 2011 the Executive agreed to set up a short life working group to review the political management arrangements. The working group was intended to include; the leader, depute leader and six other councillors (three from the administration and three from the opposition groups). Only one opposition was nominated to attend this group. The first meeting was scheduled for June 2011, however, it did not take place until August 2011. The group subsequently met in October 2011, December 2011 and April 2012.

42. In August 2011, a councillor tendered their resignation from the AIC and became a member of the SNP group.

Other events

43. In April 2010 the council implemented a new management structure, reducing the number of directors from four to three executive directors.

44. During 2010 and 2011 the council was also subject to scrutiny and inspection activity. This included a homeless inspection in February 2010, which assessed the council as 'fair' and highlighted that access to temporary accommodation and waiting times for permanent accommodation required improvement. A social work services inspection, reported in March 2011, concluded that social work services were at moderate risk, with adequate performance and improvement activity.

45. The council was also subject to a Best Value follow-up review in November 2010 which was broadly positive. However, it highlighted that the council needed to ensure clear links between

the corporate plan and the single outcome agreement and document its corporate framework for evaluating budget savings options.

46. In November 2011 a by-election was held in the Oban North and Lorn ward and the seat was retained by the SNP group.

47. One significant policy issue discussed by the council over the period 2010 and 2011 was the council's schools estate and potential closure of up to 25 primary schools. Councillors and officers described this in interviews as one of the issues that marked a shift in the council's culture. In part five of this report, the audit assessment, it is one of the examples referred to in relation to the damage to trust between councillors and between councillors and officers. Exhibit 6 outlines the timeline of events.

Exhibit 6

Schools estate review

- In May 2010 the Executive instructed the executive director of Community Services to review the efficiency of the school estate and to identify the feasibility of reducing the number of schools in Argyll and Bute.

- In November 2010 the council considered the findings of the review, which recommended that 25 primary schools should be considered for closure. At this meeting, councillors requested verification of a range of information to support the school closure recommendations. This was presented to an additional council meeting in November 2010. At this meeting, the council agreed, by 19 to 17 votes, to a statutory consultation on the closure of the 25 primary schools.

- In November 2010 a pressure group was set up to oppose the proposed school closures. The group issued a press release claiming that the information reported to councillors at the November 2010 council meeting by officers was inaccurate. This was subsequently reported in the national press.

- In January 2011 the council held a special meeting on the school estate. At this meeting, councillors were provided with a presentation by the Scottish Rural Schools Network which questioned the validity of the information used by officers in developing the proposals for school estate review. Councillors agreed to suspend the formal consultation programme to allow the education spokesperson to review the closure proposals and to engage with a range of stakeholders on the matter.

- Also in January 2011, as a result of a leaked email exchange with councillors, Michael Russell MSP was referred to the Scottish Parliamentary Standards Commissioner over allegations that he had tried to influence the school closures programme. In February 2011 he was cleared of any wrong-doing.

- In March 2011 the council agreed to conduct pre-consultation activities with ten communities potentially affected by the schools estate review to help inform the council on whether to commence to a statutory consultation phase of the process.

Schools Estate Review (continued)

- In April 2011 the council was provided with an update on the pre-consultation activities. A report was also provided to councillors refuting allegations by the Scottish Rural Schools Network that officers misrepresented information. The council accepted the allegations were untrue and agreed to proceed to the statutory consultation phase.
- In May 2011 the Scottish Government introduced a one year moratorium on the closure of rural schools. In June 2011 the council suspended the schools closure consultation process, except for schools with no pupils.
- In July 2011 the Scottish Government and COSLA established the Commission for the Delivery of Rural Education to examine the delivery of rural education. The Commission published its findings in April 2013, resulting in 38 recommendations.
- In May 2013, the council considered the findings of the report and agreed to defer any consideration of the school estate strategy until the Scottish Government publishes statutory guidance and makes the relevant legislative changes.
- In July 2013 the Scottish Government launched a consultation which sets out policy proposals for amendments to the Schools (Consultation) (Scotland) Act 2010, in response to the Commission findings, which may require legislative change.

Source: Audit Scotland

2012

48. Exhibit 7 below outlines some of the key events and decisions that have taken place during 2012 and 2013.

Exhibit 7

Timeline

	Apr–Jun	Jul–Sep	Oct–Dec	Jan–Mar	Apr–Jun	Jul–Sep	Oct–Dec

2013

Political

May 2012 election

Audit team on-site

New political dynamics evolve

Induction training programme implemented

Increasing political instability

No stable administration

New administration

New coalition administration, new leader and depute leader elected

Administration holds session to set its priorities and objectives

New leader and depute leader appointed

2 SNP councillors leave group

Administration and opposition groups fragment

Change of leader

2 new groupings formed

New coalition administration, new leader and depute leader elected

Governance

Review of political management concludes and findings are considered by full council

Political management arrangements implemented

Political management arrangements reviewed

Executive not appointed

Executive formally discontinued PRS committee agreed

First PRS committee cancelled

Chairs of Audit & PRS committees appointed

PRS committee met for the first time

Council agreed to review arrangements

Short life working group reports recommendations to council meeting

Other council events

Sale of Castle Toward and Ardentinny

Council delegated negotiations

Council agreed sale of Ardentinny

Information leaked

Report on Castle Toward requested

Ardentinny sold

Report on Castle Toward shared with group leaders, council agreed no further action

Preferred bidders for Castle Toward pulled out of sale

Ongoing planning of older people care

Struan Lodge Care Home

Council agreed to close

Local community meeting

Council halts its decision to close

Communications resource

February 2012 communications manager suspended

2 members of the team are suspended then resign

External consultants investigation concluded

Communications manager settled out of court

New Communications manager appointed

Source: Audit Scotland

Political leadership

49.   The May 2012 local government elections resulted in a coalition administration of 20 councillors that included 13 SNP councillors, three Argyll First Group councillors, two Argyll and Bute Independent councillors and two Independent councillors. There were 16 opposition councillors, including the Alliance of Independent Councillors (nine members), the Conservatives (three members) and the Liberal Democrats (four members). The council agreed the leader (SNP) and depute leader (SNP). In June 2012, one councillor withdrew from the Alliance of Independent Councillors and decided to have no group affiliation.

Governance arrangements

50.   In April 2012 the short life working group on political management arrangements met for the last time and reported its recommendations to the council at the first council meeting after the elections in May 2012. Consideration of these recommendations continued at the next council meeting in June 2012. At an additional council meeting in June 2012 the council agreed to discontinue the Executive and revert all its previously delegated powers to the full council, against the recommendations of the short life working group. The four policy and performance groups were not retained. The council retained the Audit Committee but also decided to establish a PRS Committee to focus on the monitoring and scrutiny of council performance, such as corporate improvement programmes, community planning projects and external inspection reports. The council also decided that area committee meetings should take place every two months, against the short life working group recommendations for the meetings to be on a quarterly basis.

51.   At the council meeting in May 2012, the council adopted a revised code of conduct for councillors and employees. At the same meeting, the council agreed to continue the existing standing orders on a temporary basis to guide council and committee business.

52.   At the June 2012 council meeting, the council received a performance report for financial quarter 4 (January-March 2012) for all service areas. This was the last strategic level service performance report submitted to councillors until the first meeting of the PRS Committee in February 2013.

53.   In September 2012 the council made amendments to the council's constitution to reflect the decisions made about the political management arrangements in June 2012.

54.   In November 2012, the first meeting of the PRS Committee was cancelled due to a number of apologies being submitted by members, which meant the meeting would not be quorate. There were also delays in appointing an independent chair and vice chair. In the same month the council set up a panel to make appointments to the PRS Committee. The appointments were made in December 2012.

55.   In December 2012 the council agreed the future reporting arrangements for leader of the council and lead councillor reports to full council, which were previously considered as part of the Executive's remit. It was agreed that leader reports would be reported on a quarterly basis and that lead councillors would submit two update reports each year. The report also included

an overview from the leader for the period from October to December 2012 on leadership activities undertaken during that time.

Other events

56. During 2012, the council's communications team was not fully resourced, following the suspension of the communications manager and the resignations of two additional team members. This meant that, although additional capacity was brought in as support, senior officers were required to take direct responsibility for managing communications issues, at a time when there was significant local media interest in a number of council decisions and over the period of the May 2012 elections. Exhibit 8 outlines the sequence of related events. As discussed in part five of this report, this is one of the factors that has affected senior management capacity.

Exhibit 8

Communications Team

- In February 2012 the council's communications manager was suspended following allegations of using social media accounts to monitor what was being reported about the council online.
- Between February and April 2012 a senior communications officer was temporarily promoted to fulfil the communications manager role.
- In April 2012 two additional members of the council's communications team were suspended under a separate investigation into their conduct. The employees resigned from their posts later that month.
- Between April and June 2012 a communications consultant was employed on a temporary contract by the council to provide senior professional advice and support to the council and the communications team.
- In June 2012 the council withdrew consent for a school pupil from taking photographs of school meals which were being included in blogs about the quality of school dinners to raise money for charity. The council quickly reinstated its consent after intense media interest.
- In July 2012, two new press officers were appointed.
- In August 2012 the findings of an external consultant's investigation concluded that there was sufficient cause for the communications manager to be subject to the councils disciplinary procedure but there was no evidence of any inappropriate use of social media by any employee within the council's communications team. The communications manager was dismissed in August 2012.
- Between August and September 2012 a communications consultant was appointed on a temporary contract to provide senior professional advice and support to the council and the communications team.
- In April 2013 the communications manager took the council to an employment tribunal for unfair dismissal. The case was settled outwith the tribunal.
- In July 2013 the council appointed a new communications manager.

Source: Audit Scotland

57. One of the issues of significant local media interest and that has proven divisive within the council during 2012/13 was the disposal of two council properties, Ardentinny and Castle Toward. The events relating to this are outlined in Exhibit 9.

Exhibit 9

Sale of Castle Toward and Ardentinny

Outlined below are the key events in the sale processes for two council properties, Castle Toward and Ardentinny. Both properties were run as outdoor education centres, occupied by the same not for profit company, Actual Reality Learning and Leadership Ltd (Actual Reality).

Castle Toward

- In November 2009 the council shut Castle Toward down as a residential facility, due to a number of fire and health and safety problems identified as part of an inspection conducted by the council and the fire and rescue service.

- In December 2009 the Executive Committee met to discuss the cost of bringing the facility up to a suitable standard for use. The committee recommended the sale of Castle Toward. In February 2010 the council put the property on the market and four bids were received, one of which was from the tenant of the property at that time, Actual Reality. Between January 2011 and September 2011 the Scottish Government considered and rejected an application for a community interest registration[3].

- In November 2011 the Executive approved the bid assessment and the council announced the preferred bidder for the property.

- In December 2012 the full council agreed to a review of issues relating to its business dealings with Actual Reality. Amongst the issues reviewed were those relating to Castle Toward during 2009/2010 and the sale of Ardentinny. The report was shared with group leaders. In March 2013 the full council considered a report by the chief executive, reflecting the view of the group leaders. At the meeting the council decided to endorse the group leader's view that no further action was necessary by the chief executive.

- In June 2013 the preferred bidders of Castle Toward withdrew from the sale and the council decided to continue to market and dispose of the property.

Ardentinny

- In April 2012 the council's Executive Committee considered a report on the proposed sale of Ardentinny Outdoor Centre facility to Actual Reality and agreed to delegate sale negotiations to the Executive Director of Customer Services.

- In November 2012 the full council agreed to delegate further final sale negotiations to senior officers in discussion with a number of lead councillors. In December 2012 the council agreed to the sale of Ardentinny at a price supported by the District Valuer. Fourteen councillors approved the sale, 12 councillors voted to continue consideration of the matter and three councillors voted against the sale.

- In January 2013 Ardentinny was sold to the current occupants of the property, Actual Reality (which became The Actual Reality Trust in March 2013).

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[3] The Community Right to Buy (under Part 2 of The Land Reform (Scotland) Act 2003) provides community bodies representing rural areas in Scotland, with less than 10,000 head of population, with the opportunity to register an interest in land and buy that registered land once it is offered for sale.

58. In February 2013 Audit Scotland was asked by Argyll and Bute Council to investigate some issues raised about the council's dealings with Actual Reality. Our response explained that it was not appropriate for Audit Scotland to carry out work on all of the issues raised. However, we confirmed that the sales of Castle Toward and Ardentinny would be reviewed as part of the 2012/13 annual audit. The findings will be published in the 2012/13 annual audit report.

59. We subsequently considered whether the council took appropriate steps to address the issues it raised with Audit Scotland in February. This included consideration of the report and appendices discussed at the group leaders meeting and endorsed by the council meeting in March 2013. As we would expect in such cases, this included external legal advice, sought by the council on a number of health and safety issues. On the basis of the council's considerations and decision, Audit Scotland are satisfied that appropriate steps have been taken to address the issues raised.

2013

Political leadership

60. In February 2013 the council leader and depute leader stood down, a new leader was elected and the previous council leader became the depute leader. In April 2013 two councillors left the SNP group over the council's decision to close a care home and one further SNP councillor voted against the group's decision to close the facility (Exhibit 10). This is a significant example of the range of factors contributing to the challenges in the council.

Exhibit 10

Struan Lodge care home

- In April 2008 a Special Committee for Adult Services met for the first time.

- In February 2011 the committee agreed that care home services be put to a tender process to externalise to multiple providers and to give further consideration to the withdrawal from direct provision of the service.

- In December 2012 the Special Committee considered a report on the capacity and demand for residential care homes operated or commissioned by the council.

- In January 2013 the committee agreed to progress a market test for the provision of nursing care homes and extra care housing in Argyll and Bute.

- At the same meeting the committee considered reports on two care homes, Struan Lodge and Eadar Glinn. It agreed to recommend the closure of Struan Lodge to full council due to high operating costs and excess capacity in the care home sector, locally in Dunoon and Cowal. It also agreed to continue to run Eadar Glinn and that the facility should be considered as part of the market testing exercise.

- At its budget meeting in February 2013 the council decided to begin the process of closure at Struan Lodge, 17 votes to 16, with three councillors (two SNP and one Argyll First member) abstaining from the vote.

- In March 2013 a local community meeting was held on the closure of Struan Lodge. The meeting resulted in alternatives to the closure of the care home being discussed, including challenges to information about costs and income

- In April 2013 full council considered a motion and a decision was taken to halt the closure of Struan Lodge by 21 votes to 13. Officers clarified at the council meeting that the cost and income issues discussed at the local community meeting would not materially change the savings for Struan Lodge.

- In June 2013 the Special Committee for Adult Services considered the result of the market test. A summary of issues is intended to be presented at a seminar for councillors during September 2013. After this seminar, work is planned to develop a strategic commissioning plan for adult care services, with involvement from the council, NHS, Scottish Care and local providers in Argyll and Bute.

- Following the recommendations of the Special Committee for Adult Services, the council re-affirmed its decision not to proceed with the closure of Struan Lodge in June 2013.

Source: Audit Scotland

61. In May 2013 the opposition alliance fragmented. The SNP group invited councillors from the Liberal Democrats (four members) and conservatives (three members) to join the administration alongside the existing coalition councillors. All three Argyll First councillors left the administration in principle but did not do this formally and two retained senior roles on the administration.

62. Also in May 2013, it was reported in the media that the Argyll and Bute SNP group was suspended by the SNP National Executive Committee for entering into formal coalition arrangements before seeking approval. The council leader resigned and at the May 2013 council meeting, councillors agreed to re-appoint the former leader who was initially appointed following the May 2012 elections, by 18 votes to 17. The depute leader role, however, remained unfilled.

63. During May 2013 two new political groupings formed and councillors aligned themselves to these new groupings. These are the Argyll and Bute for Change Group (consisting of the Alliance of Independent Councillors, Argyll First councillors, three SNP councillors and three non-affiliated councillors) and the Argyll, Lomond and the Isles Group (consisting of ten councillors from the Argyll and Bute Independent Councillors Group, all Conservative and Liberal Democrat councillors and one Independent councillor).

64. At the June 2013 council meeting a motion was lodged by a member of the Argyll and Bute for Change group for that group to become the new administration. This decision was defeated by an amendment to continue with the current political management arrangements, until the findings of a short life working group on political management arrangements and structures had reported to the August 2013 full council meeting. The amendment was carried 17 votes to 14. Two councillors chose not to vote on the matter.

65. At the full council meeting on the 26th of September 2013, a new administration, leader and depute were approved. The new administration consists of the Alliance of Independent Councillors, Argyll and Bute Independent Councillors, Argyll First Group, Conservatives, Liberal Democrats, three Independent councillors, two SNP councillors, and two non-affiliated councillors. The opposition includes eight SNP councillors and one non-affiliated councillor.

Governance arrangements

66. The PRS Committee met for the first time in February 2013. Only two out of the five councillors appointed to the committee were present at this meeting. Three non-councillor representatives attended the meeting. The council's constitution states that for the PRS and Audit Committees, non-councillors should be treated as voting members. This meant that there were more unelected representatives scrutinising council performance than councillors. At the second PRS Committee in June 2013, one councillor did not attend the meeting.

67. In June 2013 the council agreed to establish a short life working group to consider proposals for new political management arrangements and structures. At the meeting, the council also agreed to implement a new councillor development programme. This would include a continuous professional development framework for individual councillor development and the addition of further seminars and workshops to develop collective councillor capability.

68. The short life working group reported on progress to full council in August and September 2013. The reports highlighted that the group had not completed its work but that it would be in a position to report its recommendations to the October 2013 full council meeting.

Other events

69. In February 2013 Education Scotland published a report on a validated self evaluation of the council's Education Service. The report recognised the high level strengths of the service, including the engagement of elected members and senior managers in developing a shared vision for education as well as improvements in outcomes. The report also identified areas for further development but indicated a good capacity for improvement.

70. In June 2013 the council approved the new Community Planning Partnership's Single Outcome Agreement for the period 2013-2033.

71. In July 2013, the council approached the Improvement Service to provide support to improve working relationships within the council, specifically with regard to the political management arrangements and the councillor/officer relations. Work is currently underway to progress this.

72. In September 2013, the Care Inspectorate published its report from the Pilot Inspection of Services for Children in the Argyll and Bute Community Planning Partnership area. A number of areas for development were identified but this was a positive inspection and inspectors identified key strengths in:

- outcomes for children and young people
- the positive impact services are having on the lives of young people
- how well services provide help and support at an early stage
- the leadership of improvement and change.

Part 5. Audit assessment

73. This part of the report details the audit assessment from the audit work undertaken in May and June 2013. In the context of the issues set out in parts three and four I have considered the strategic leadership and culture of the council, in particular:

- The political culture.
- The political governance arrangements.
- Working relationships between councillors and senior officers.
- The role and responsibilities of senior officers.
- The effect of the culture and instability.
- What the council is doing to address the weaknesses.

74. In brief I conclude the following:

- The councillors of Argyll and Bute Council are not providing collective strategic leadership for the council and its communities. There is on-going political instability and a culture of mistrust. This is not yet disrupting the day-to-day operation of the council or service performance, but it is beginning to inhibit progress with strategic planning.

- The governance arrangements are contributing to the difficulties and the council recognises that it needs to make changes to support improvement.

- Working relationships between a few councillors and officers are difficult at times and the political instability is putting a strain on management capacity.

- Senior officers need to consider what further they can do to ensure they are effectively supporting councillors to fulfil their roles and responsibilities.

- The council is developing plans to support improvement but it remains to be seen whether these plans will be implemented quickly and effectively to address the current instability in the council.

Councillors at Argyll and Bute Council are not providing collective strategic leadership for the council and its communities.

75. Effective political leadership and culture are important to ensure that councils can balance strategic, corporate, operational and local objectives effectively. They are important factors to support good accountability and continuous improvement.

76. Politics is an integral part of local government leadership and tensions are not unusual. However, we have identified through our BV work across Scotland that, in the best performing councils, councillors are able to identify when to set aside political differences and work in a constructive way to support the work of the council. In 2010, the Accounts Commission published its report *How Council's Work: Roles and Working Relationships: are you getting it right?*

> **What the Accounts Commission says -**
>
> In successful councils, councillors and senior managers share a strong public sector ethos and work well together to put their plans for the council area into action. Common features include clearly understood political and managerial structures, professional and constructive relationships between councillors and between councillors and officers, a shared commitment to council priorities, and constructive debate at council and committee meetings.
>
> In contrast, in many of those councils making least progress in best value, a lack of clarity about roles and responsibilities and poor working relationships were contributing factors. In the most serious cases, problems included heightened political tensions among councillors and a lack of trust and mutual respect among councillors and between councillors and officers, which affected their ability to work together.
>
> **Accounts Commission - *How Council's Work: Roles and Working Relationships: are you getting it right?***

77. The Argyll and Bute Best Value report published in February 2006, referred to 'the council's ability to work with broad consensus'. This is no longer the case. Effective leadership from councillors is not evident in the current unstable political environment and the culture is now one of mistrust and frustration.

78. The councillors at Argyll and Bute show a good understanding of strategic issues, are articulate and ask challenging questions in meetings. Behaviours in public meetings such as the full council are generally respectful and business like. Councillors also recognise that they do work effectively together in some forums, such as the Planning, Protective Services and Licensing Committee. Despite this, the underlying culture and lack of political stability is inhibiting the collective political leadership of the council and has become a barrier to wider collaborative working.

79. Individually, the councillors recognise the importance of working more effectively together and the importance of taking collective responsibility. There is less evidence that individual councillors also recognise their own contributions to the current culture and their responsibilities in addressing this.

80. The current difficulties in the political position are the product of a culmination of inter-related factors. These range from underlying contextual issues to specific behaviours by individuals. The main contributing factors are outlined in the following paragraphs.

81. All councils face a tightening economic climate, increasing the need for more difficult decisions about spending priorities. There are strong geographic identities and different local priorities across Argyll and Bute. The four areas of Oban, Lorn and The Isles; Mid Argyll, Kintyre and Islands; Bute and Cowal; and Helensburgh and Lomond face different socio-economic pressures, service demands and community priorities. Particularly in the current economic context, the council needs to balance the challenges between delivering corporate objectives

and priorities such as responding to population changes while managing distinct geographic and community priorities. Councillors' dual role of strategic leadership and local representation in this financial and geographic context contributes to the tensions for individual councillors and subsequently the political culture.

82. A number of local issues over recent years have proven particularly challenging for the council and damaged the trust between councillors and between some councillors and senior officers. These have included emotive issues such as schools estate strategic planning [see Exhibit 6] and adult care strategic planning [see Exhibit 10]. Other issues that have had a high local profile and been divisive have included the sale of Toward Castle and Ardentinny [see Exhibit 9] and difficulties with the council's communications team [see Exhibit 8]. It is important that the council learns from these experiences when considering options for delivering services in the future.

83. Since the 2012 election, there has been increasing instability in the political dynamics of the council.
   • There is a lack of consistent and strong political leadership.
   • There have been changes in political groupings, as well as changes in allegiances across and within these groups. These changes continued throughout the period of the audit.
   • The political groupings numbers have been finely balanced, meaning small groups and individuals are in a position to influence political business by holding the balance of power. This, and then subsequent changes in alliances, is exacerbating distrust and strains on working relationships. Councillors also highlighted their concern that this could mean that to gain support; specific local issues may gain a disproportionate affect on strategic priorities.

84. There are many councillors with very strong personalities who are highly motivated and committed. This is a valuable asset to the council but in the current culture, the strength of personalities also contributes to the level of discord.

85. Councillors and officers that the audit team spoke to described tensions between newer and more established councillors. These tensions are evident in the political dynamics, with more of the newer councillors in the new administration following the 2012 election.

86. The opposition group, following the election, found it difficult to settle into the opposition role and found the change in approach and style of the new administration frustrating, for example in changes to the approach to managing the budget process. Of the 16 opposition councillors immediately following the election, only three were first elected in 2012.

87. The new administration, following the 2012 election, included a significant number of new councillors. Seven of the 20 councillors making up the initial administration were newly elected councillors. It made slow initial progress with decisions about political management arrangements. However, business at the full council has continued despite the political instability.

88. Although councillors behave appropriately in public meetings, behaviours outside the chamber are described as less positive and exacerbate a sense of mistrust. Some councillors will now not engage with each other because relationships have deteriorated.

89. Part of the lack of mutual trust is because of the amount of discussion about council issues and derogatory remarks about councillors and officers made in local press and online forums. Councillors expressed their concern that this includes contributions from other councillors and includes apparent leaking of private papers and emails.

90. The Accounts Commission have made findings on similar difficulties at other councils. The findings from the Accounts Commission hearing at Shetland Islands Council in 2010 stated that:

What the Accounts Commission says -

'… an enquiring and engaged media is central to strong local democracy. However, council business should not be played out in the media as an alternative to pursuing solutions through the council. The Code of Conduct for Councillors[4] demands that any confidentiality requirements relating to council business must be observed, regardless of personal views on whether information should be publicly available'.

Accounts Commission findings on Shetland Islands Council, 2010

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91. Many councillors also highlighted concerns about external influences at a national level on the political tensions in Argyll and Bute. Reference was made to the particular attention given to council activities by one of the local MSPs. Councillors also referred to the SNP National Executive Committee's reported decision to temporarily suspend SNP councillors for having sought to establish a coalition without seeking permission from the National Executive Committee in advance. This stopped efforts to establish a new coalition administration including the SNP group, Liberal Democrat and Conservative councillors.

The council recognises that governance arrangements need to improve to support a more positive political culture

92. Governance arrangements that are fit for purpose are critical for supporting both councillors and officers in their respective roles effectively. The council's current political management arrangements (Exhibit 4) are not supporting effective working and the council's strategic scrutiny arrangements have been slow to progress.

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[4] Code of Conduct for Councillors. Produced in accordance with section 1 of the Ethical Standards in Public Life etc. (Scotland) Act 2000.
http://www.scotland.gov.uk/Resource/Doc/46905/0028864.pdf. On taking office, all councillors must sign a formal Declaration of Acceptance of Office, in which they undertake to meet the requirements of the Code. They cannot carry out any functions as councillors until they have done so. It is the responsibility of councillors to ensure that they are familiar with, and that their actions comply with, its provisions.

Political management arrangements

93. To support good leadership in any council it is important that structures and arrangements for political business meet the needs of the council and work effectively. In its report *How Council's Work: Roles and Working Relationships: are you getting it right?* the Accounts Commission stated:

What the Accounts Commission says -

Effective relationships help councils and their partners to deliver improved services and outcomes for local people, value for money and continuous improvement. Good working relationships are supported by sound governance arrangements that set out roles and responsibilities, and provide clarity about how the council will be managed and controlled.

Accounts Commission - How Council's Work: Roles and Working Relationships: are you getting it right?

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94. In 2011/12 a short life working group considered the council's political management arrangements. Recommendations from this group were considered by the council at the first three council meetings following the May 2012 election. Against the recommendations, the decision was made not to continue with an executive model but that all policy decisions would be addressed at full council.

95. The current arrangement is not sustainable with full council meetings lasting up to eight hours with a 45 minute lunch break. This can lead to fatigue and heightened tensions. The full council is not able to give sufficient time and consideration to the large number of items that it needs to address. For example, during the audit one of the council meetings had to be reconvened, with nine of 40 items from the meeting considered at the later date. Despite the length of the council meetings, they are unable to accommodate the range of items that the full council should be considering, such as performance progress reporting, in the absence of the PRS committee.

96. The meetings are well attended and most of the councillors engage actively throughout the meetings. However, it is not reasonable to expect councillors to be able to focus and give all items their due attention over meetings lasting up to eight hours. Many of the councillors also have long travel times to and from the meetings. Most of the councillors that we spoke to during the audit felt that the meetings are too long and that items taken at the end of the meeting are sometimes not given enough time, consideration and focus. It is also common for a few councillors to have to leave before the end of meetings in order to catch ferries for example.

97. Councillors commented on the volume of information that they are required to read for the council meetings. The papers for one of the council meeting the audit team observed ran to over 600 pages. This is particularly challenging for councillors that are members of other

committees with further papers for meetings within days of the full council. Councillors also commented that their ability to digest the volume of information is sometimes hindered by late papers being submitted which meant they had little time to examine these.

98. Most items presented require a decision with few for just noting. The current governance structure does not include committees or forums for the discussion and development of policies and strategies. This means that items brought to full council have often had limited previous opportunity for open discussion and consideration by councillors. This can lead to situations where officers are seeking a political decision to progress work, but where councillors do not feel they have had sufficient information or opportunity to discuss an issue fully.

99. The council uses short life working groups as a method for considering issues in depth. During 2012 and 2013, short life working groups have been formed for a few specific strategic issues including economic development planning, road asset management and more recently a further review of political management arrangements. Officers have also provided seminars on current issues such as welfare reform, procurement and adult care services to support discussion and questions, although records of attendance for these sessions were not available, officers advised that attendance was variable.

100. With the unstable political environment, the full council meetings are a challenging environment. Councillors suggested to the audit team that the full council model means all councillors are more exposed to public scrutiny. In debates this means councillors can feel obliged to state their opinion on every issue, even when these points have already been made by other councillors. This can lead to long, unfocused discussions that add little to the considerations overall. The environment also means that, when voting on decisions, councillors can feel under pressure to respond to local expectations over strategic priorities.

101. The chairs of the Audit and the PRS committees and some councillors, expressed a concern that with continued political instability the on-going membership of committees may be uncertain. Their concern was that this may make it difficult to progress planning, training and the core work of the committees.

Scrutiny

102. Effective scrutiny arrangements are critical for all councils to ensure that decision-making is based on sound information and that progress against these decisions is monitored and managed appropriately. In its report *How Council's Work: Roles and Working Relationships: are you getting it right?* the Accounts Commission stated:

What the Accounts Commission says -

Councils' audit and scrutiny committees play a vital role in governance and it is important that these remain fit for purpose.

Accounts Commission - *How Council's Work: Roles and Working Relationships: are you getting it right?*

103. Following the May 2012 elections, the council continued its Audit Committee arrangements with revised membership. The Audit Committee retains its role in monitoring the council's processes and management of its planning and performance management framework within its wider remit of monitoring audit, risk management and meeting business standards. The committee receives quarterly reports on progress with the planning and performance management framework but the committee's remit does not include performance scrutiny.

104. Progress with setting up and developing the PRS Committee was slow. The council agreed to establish the committee in June 2012 but the independent chair of the committee was not recruited until December 2012. Prior to the on-site phase of the audit work the committee had only met once, in February 2013.

105. The council's constitution states that for the PRS and Audit Committees, non-councillors should be treated as voting members. At the PRS meeting in February 2013 this meant that there were more unelected representatives scrutinising council performance than councillors. The council needs to consider the implications of this on accountability for its performance, progress on priorities and the scrutiny of risks.

106. The poor progress on developing the PRS contributes to the overall weakness in scrutiny in the council. The PRS Committee should be the primary forum for scrutinising progress and performance in delivering policies and priorities. At the meeting in February 2013, only two of five councillors on the committee attended. The committee has since met in June and August. The council reports that the committee is now developing effectively into its role.

107. From our discussions with councillors, it is apparent that they do not have a shared understanding of their role in scrutiny. Perceptions ranged from asking challenging questions in council meetings to in-depth research on specific issues to test the information provided by officers. Councillors need to systematically scrutinise:

- Information supporting policy options and decisions.
- Progress against implementation of policies through strategies and plans, as well as evaluation of their effectiveness.
- Performance, including financial, output, outcome, user satisfaction and external assessments.

108. The scrutiny of progress on strategic objectives and policy is weak with only limited progress by the PRS Committee. Similarly, the scrutiny of performance at a strategic level is weak, with

little evidence of performance information being actively scrutinised by councillors over the past year at this level. There is however evidence that performance information is regularly scrutinised at a local level by area committees. Performance reports that have been presented at a strategic and area level include trend and some comparator information. However, particularly at a strategic level, this provides limited detail for scrutiny. Councillors have access to performance information through an IT system but felt it was difficult to use the system.

109. Councillors have access to all council and committee papers. However, some expressed concerns that the limited forums for discussion and weaknesses in scrutiny contribute to them feeling that they do not have a clear understanding of issues and that officers are not systematically being held to account.

Review of political management arrangements

110. It is important that all councils ensure the governance arrangements, including the framework for political management, remain appropriate and effective. In its report *How Council's Work: Roles and Working Relationships: are you getting it right?* the Accounts Commission stated -

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What the Accounts Commission says -

Governance arrangements that are fit for purpose and up to date are critical in clarifying roles, responsibilities and expected behaviour.

Accounts Commission - *How Council's Work: Roles and Working Relationships: are you getting it right?*

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111. Councillors and officers that we spoke to recognise that the governance arrangements need to improve and a short life working group is now considering how this can be achieved. The short life working group first met in July 2013 to discuss the options so that the council can consider how to take forward improvements from the Autumn 2013.The short life working group agreed the principles of its work are to achieve:

- Stability in political management arrangements.
- Clear strategic direction to deliver on Single Outcome Agreement.
- The development of clear and sustainable policies.
- An inclusive council.
- Positive culture.
- Constructive working relationships across all councillors.
- Members focus on addressing challenges and identifying opportunities.
- Good reputation.
- Leadership.

- Effective political scrutiny.

- Effective decision-making.

- Increased focus on all customers.

112. It is encouraging that the short life working group shows a good level of awareness of the issues in the agreed principles. The timeline and remit of this group is ambitious and it will need leadership, sufficient time dedicated to discuss the issues and resources to support its progress. It is important for the council that this group makes effective progress and delivers recommendations that the council can take forward to improve on the current arrangements.

113. Officers report that in July 2013 a survey of councillors indicated that there was no requirement for a protocol for multi-member ward working. However, during the audit some councillors reported that a symptom of the poor working relations is that in some multi-member ward areas cooperative working is poor. In the council's review of its governance arrangements it should consider how it can better support multi-member wards to work effectively and the role of area committees in relation to these and to the wider governance arrangements.

Working relationships between a few councillors and officers are difficult at times and the political instability is putting a strain on senior management capacity

114. In addition to effective arrangements and structures, the clarity of councillors and officers respective roles and responsibilities and good working relationships are critical to the success of any council. In its report *How Council's Work: Roles and Working Relationships: are you getting it right?* the Accounts Commission stated:

> **What the Accounts Commission says -**
>
> Trust, confidence and good conduct between councillors, and between councillors and officers, are essential for building and maintaining good relationships, and supporting good leadership, management and performance.
>
> A councillor's role is to represent constituents, to provide leadership and direction for the council and to scrutinise service performance. Council officers are responsible for operational leadership and management and for providing professional advice to support councillors in their role. In other words, on an issue-by-issue basis, councillors determine policy at the start, officers manage delivery of the policy in the middle and councillors scrutinise delivery at the end. Senior officers have key roles at the transition between these phases, supporting policy development and scrutiny by ensuring the right information is available at the right time.
>
> **Accounts Commission -** *How Council's Work: Roles and Working Relationships: are you getting it right?*

Councillor and officer working relations

115. At Argyll and Bute Council, councillor and officer working relations are at times difficult. The political instability has exacerbated some of these tensions between a few councillors and officers. The capacity of senior managers is strained by the combination of issues currently facing the council. Significant tensions between councillors and senior officers are however limited to a small number of councillors and issues.

116. Many of the councillors that we spoke to felt that individually they are able to work well with officers. They also recognised that the current political position makes it difficult for the senior officers and showed concern for the effect on individuals.

117. Councillors are not engaging well in efforts by officers to provide support on strategic issues. Although there is no documentary evidence around attendance, both officers and councillors indicated that attendance at strategic seminar sessions was variable. As a result, it is frustrating for councillors that attended these sessions when time is taken in full council to cover information from the seminars again.

118. The political instability has exacerbated some tensions between councillors and officers and in some cases there is a lack of mutual trust.

119. There is a general recognition that a few reports presented to council, which were viewed by a few councillors to be incomplete or to include errors, undermined some councillors' confidence in the information they receive. In particular, the examples referred to by councillors relate to the schools estate review and to the consideration of Struan Lodge care home in January 2013. A few councillors indicated they felt they therefore have to do their own research in order to verify information.

120. Officers also recognise a level of mistrust and said that some information requests from councillors were not provided in full. This was because the information was considered to be operational or included confidential information, such as personal data. There were also concerns that information might be leaked.

121. The most significant levels of mutual mistrust between councillors and senior officers centre around a small number of councillors. These councillors are very challenging to officers on specific issues of interest to them. In addition to challenging on these issues in formal meetings they pursue further information directly with officers outwith the chamber. In some cases they do not consider the responses they receive from officers to be adequate. Officers feel they are required to spend disproportionate amounts of time on issues that have been decided on by the council, or are being addressed. Interviews with councillors and officers indicated that there is concern about how information is used, including damaging reports in the local media.

122. It was clear from the audit work that much of the strain on relations centres on the behaviour of individuals. The councillors and officers we interviewed indicated concern about the manner and behaviours of a few councillors at times. The behaviours described do not meet the expectations of the respective roles and responsibilities of councillors. All councillors must take responsibility for understanding their role and responsibilities, behave accordingly and respect the role of management in operational matters.

Senior officer roles and responsibilities

123. The scope of the audit work was to consider the working relationships between councillors and councillor to officer relations. However, it is not possible to look at the leadership and culture of councillors without considering the role of senior officers.

124. Senior officers are critical in enabling the political leadership of the council to function effectively. In its report *How Council's Work: Roles and Working Relationships: are you getting it right?* the Accounts Commission stated:

> **What the Accounts Commission says -**
>
> Statutory officers have specific duties as set out in legislation and discharge this role as part of their wider responsibilities within their council. They have an important, independent role in promoting and enforcing good governance and for making sure councils comply with legislation.
>
> The head of paid service (the chief executive) is responsible for all aspects of the management of the council. Together with councillors, the head of paid service is responsible for promoting good governance by ensuring processes are in place, fit for purpose and up to date. The head of paid service works with senior colleagues to ensure that councillors receive good quality information and support to inform decision-making and scrutiny, and ensures other statutory officers have appropriate access and influence in carrying out their roles.
>
> The monitoring officer has an important role in establishing and maintaining good working relationships. The monitoring officer usually prepares governance documents, including standing orders and schemes of delegation, and is often responsible for monitoring behaviour and conduct, and for raising any issues or concerns with the chief executive. The monitoring officer works with councillors and commonly provides guidance and support to help them fulfil their role.
>
> **Accounts Commission - *How Council's Work: Roles and Working Relationships: are you getting it right?***

125. Through our audit work it became evident that the senior management team are finding the current political instability and relationships with some of the councillors very challenging.

126. Over the past two years, and particularly since the May 2012 elections, the capacity of senior managers has been under strain. The workload for senior managers has increased as a consequence of many new councillors, the changing political make-up and the significant public interest issues faced by the council. This has required additional investment in time by managers in media management, advising and providing information to councillors, supporting changed lead councillors for thematic areas and adjusting and readjusting proposals to meet shifts in political focus.

127. Changes in political allegiances have meant that policy decisions made by the council lose support and officers are left to resolve shifting strategic positions.

128. The audit team heard supportive comments about the chief executive and the positive contribution she has made since joining the council in 2008 from both other officers and councillors. The senior management team are supportive of each other and work well as a team to manage the strain on capacity, but this will not be sustainable if the current issues in the council continue.

129. The audit team recognises that officers provide a range of support to councillors. This includes support for all councillors such as training and seminars, support to specific groups of councillors such as briefings and meetings (for example group leader meetings and briefings for councillors attending COSLA[5] meetings). It is also includes support for individual councillors such as providing information on local issues or projects.

130. Despite the strain on capacity and the very difficult circumstances, the senior management of the council need to consider what further it can do to ensure they are effectively supporting councillors to fulfil their roles and responsibilities. Senior managers have a responsibility to ensure good governance processes are in place and that councillors receive good quality information and support to inform decision-making and scrutiny. Our work on this audit indicate that these are areas for improvement:

- The strategic scrutiny arrangements are inadequate and provision of performance information to support good scrutiny has been insufficient.

- The chief executives annual appraisal did not take place in 2012/13. This is an important part of the accountability arrangements in the council and should have taken place despite the instability in the council.

- As in many other councils, the quality and consistency of reporting for decision-making could be improved, including the depth and range of supporting information, use of its reporting template and the use of cost information. The current difficulties at Argyll and Bute Council mean that it is even more important that councillors have confidence in the consistency, content and balance of reports and options put before them.

131. The audit team recognises that senior management have committed significant time and effort to deal with the current difficulties. They have made efforts to promote effective governance, for example when advising councillors of the risks of the full council model when this proposal was discussed.

132. The political instability makes it more difficult and complex for officers to sustain support for councillors and this in turn makes councillors suspicious that officers are withholding information. For example, the chief executive established regular monthly meetings with group leaders in 2012 but these were not held during the period of the audit work due to the lack of clarity about the groups and the leaders. The chief executive reports that these meetings have since been re-established.

133. It is an important part of any council chief executive's role to be impartial and accessible to all councillors, to retain their trust and confidence. The chief executive and the monitoring officer have a role in challenging councillors that do not behave in accordance with the code of conduct and within the roles and responsibilities of a councillor.

134. The concerns described by both officers and councillors about the behaviours of some councillors, indicates that interventions from the chief executive and monitoring officer have not been successful. Demanding expectations from some councillors need to be managed more effectively. Senior officers and councillors need to consider how they respond to this.

[5] Convention of Scottish Local Authorities

The council reports that a paper will be taken to the short life working group to consider what additional measures can be made to address this issue.

The political instability is beginning to inhibit development of strategic planning.

135. A constructive culture and collective leadership from councillors and officers are important for ensuring clarity about priorities and directing progress against these. In its report *How Council's Work: Roles and Working Relationships: are you getting it right?* the Accounts Commission stated:

What the Accounts Commission says -

Clarity about governance arrangements, people's roles and responsibilities and good working relationships are central to the success of any organisation. Getting it right in councils has a significant bearing on how well they perform in delivering vital services for local people and communities, and in making sure public money is used wisely.

Where working relationships break down, for whatever reason, this has a significant impact on the culture, morale and performance of the council.

Accounts Commission - *How Council's Work: Roles and Working Relationships: are you getting it right?*

136. The political instability means that it is becoming increasingly difficult for the council to progress strategic planning. This planning is important if the council is to respond to the challenges facing Argyll and Bute and deliver services within reducing budgets.

137. The council has the Community Planning Partnership objectives and set its own agreed high-level strategic objectives, see Exhibit 11.

Exhibit 11

Community Planning Partnership and Argyll and Bute Council vision and priority objectives

CPP SOA 2013–23

Vision

Argyll and Bute's economic success is built on a growing population

Objectives

- The economy is diverse and thriving
- We have infrastructure that supports sustainable growth
- Education, skills and training maximises opportunities for all
- Children and young people have the best possible start
- People live active, healthier and independent lives
- People live in safer and stronger communities

Argyll and Bute Council Corporate plan 2013-17

Vision

Realising our potential together

Objectives

- Working together to realise the potential of our people
- Working together to realise the potential of our communities
- Working to together to realise the potential of our area
- Working together to realise the potential of our organisation

Source: Argyll and Bute CPP Community Plan and SOA 2013-2023, Argyll and Bute Council Corporate Plan 2013-17

138. These provide a framework for officers to continue work in a broad direction of travel. To produce fully developed strategies and plans requires defined political priorities and clear policy decisions. Changing allegiances, political balance and a lack of clarity about the administration means this is increasingly difficult for officers.

139. The council's draft Strategic Risk Register, considered by the council in August 2013, recognises that 'a lack of strategic leadership and direction will have negative impact on the ability of the council to set out strategic objectives and then align service delivery and resources to ensure these objectives are achieved. May also impact on development of the Community Planning Partnership. Risk that organisation is not focused outcomes/objectives resulting in poor decision-making and inadequate governance arrangements'.

140. Financial pressures, see Exhibit 12, mean difficult decisions about priorities and savings need to be made timeously by councillors to allow these to be delivered. This requires time for planning, implementation and for the savings to be made.

Exhibit 12

Incremental savings to 2019/20

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Savings gap	£1.3	£5.0m	£10.7m	£6.0m	£6.1m	£5.7m

Source: Argyll and Bute Council

141. Savings for 2013/14 (£4.656 million) have been identified, with the balance of the total funding gap of £5.805 million being met through diversion of one-off funding for a Teacher Induction Scheme (£230,000) and transfer from reserves (£919,000).

142. In June 2013, the council agreed to take forward a service prioritisation process to identify where future savings can be made. Over the next six years it is currently estimated that £34.8 million of savings need to be achieved. There is a risk to service delivery if these savings are not achieved. It is difficult to see how clear agreement for implementation can be achieved if the current instability continues and councillors do not provide consistent clear leadership on priorities.

143. Specific programmes of work are beginning to be delayed because of the political instability and arrangements. For example, a review of the education service management arrangements, undertaken with Education Scotland, was completed in April 2013 but the recommendations were not brought to the council until September 2013. For some projects, delays are not significant but there is a risk these become more of an issue. For example, a position on a board is vacant for the councils 'CHORD' programme (a programme for regeneration and economic development in five towns) potentially delaying decisions. Officers are instead bringing these decisions to full council.

144. There is no evidence that the political instability is having a detrimental effect on front-line service performance yet. A review of available performance information showed no indication there is any notable impact on service performance over the past two years. However, if the current instability continues and strategic planning is increasingly inhibited this will ultimately affect service performance and outcomes for communities.

145. Staff morale was not raised as a specific problem during audit interviews, but was recognised as an issue for on-going management by officers. A staff survey undertaken for the council over May and June 2012 shows a relatively consistent position on most measures with a similar survey undertaken in 2009. The survey focused predominantly on management arrangements. Similarly, staff absence management figures do not show any significant variances that may be attributable to the current difficulties in the council. However, there is a

risk to the council that staff morale and confidence is affected if the current difficulties at a strategic level are not improved.

146. It is also reasonable to assume that the challenges facing the council have had a negative effect on the council's reputation. The council needs to be aware that this also brings risks in terms of partner organisations' confidence in working with the council.

There is wide recognition of the need to improve

147. A clear acceptance of the need to improve is fundamental if it is to be achieved. Although individuals have different views on the root causes of the problems, everyone that the audit team spoke to during the audit recognised the need to achieve a more stable position in the council.

148. This recognition and acceptance of the need to improve is a significant foundation for the council to build upon.

149. The council has started to develop plans to support improvement. This includes requesting assistance from the wider local government community and in particular the Improvement Service. It is important that the council engages well with external support if it is to make effective improvements to address the current difficulties.

150. In addition to the need to improve the political management arrangements, there is a need for councillors and senior officers to consider how individually they can contribute to improvement. In its report *How Council's Work: Roles and Working Relationships: are you getting it right?* the Accounts Commission stated:

What the Accounts Commission says -

Training to improve understanding and awareness about roles and responsibilities, as well as activities to develop the confidence and skills of councillors and officers can help to support improvements.

Poor uptake of training may mean that councillors are not up to date on matters of importance to the council, their ward and constituents.

Accounts Commission - *How Council's Work: Roles and Working Relationships: are you getting it right?*

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151. In addition to the short life working group currently reviewing options for improving the governance arrangements, a programme of additional training for councillors is planned from Autumn 2013. The programme includes:

- further seminars on strategic issues, such as the single outcome agreement, the schools estate strategy and health and social care integration

- a workshop and programme of sessions facilitated by the Improvement Service on roles and behaviours
- external speakers including the Commissioner for Ethical Standards in Public Life in Scotland
- developing use of the Continuous Professional Development framework.

152. The attendance at induction training for councillors following the 2012 election by newer councillors was good, but commitment to training more widely has been more mixed. Only six of the 36 councillors completed a training needs analysis in 2012. Given the current level of difficulties, it is important that all councillors, both well-established and newer councillors, engage and are open to the training and to support.

153. There is a significant challenge ahead for the councillors and officers of Argyll and Bute Council to both collectively and individually change the culture and address the difficulties. The good level of recognition of the issues and the early signs of engagement with external support provide a good foundation. There is a clear desire across councillors and officers to improve the outcomes for the communities of Argyll and Bute. To achieve this will require collective working and leadership.

What the Accounts Commission says -

Working together, councillors and officers lead and manage their councils to provide services that improve the lives of local people. Trust, confidence and good conduct between councillors, and between councillors and officers, are essential for building and maintaining good relationships, and supporting good leadership, management and performance.

Accounts Commission - *How Council's Work: Roles and Working Relationships: are you getting it right?*