

# Report

Report to:	<b>Performance and Review Scrutiny Forum</b>
Date of Meeting:	<b>29 November 2022</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Best Value Assurance Reports (BVAR) Published by the Accounts Commission</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide an overview of the recent BVAR reports published by the Accounts Commission

## 2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- ♦ that the contents of the report be noted.

## 3. Background

- 3.1. South Lanarkshire Council was audited by Audit Scotland in October and November 2018, with the final report being published by the Accounts Commission on 28 March 2019.
- 3.2. South Lanarkshire Council considered the BVAR at its meeting on 26 June 2019. An action plan was presented to Council for approval, addressing each of the BVAR recommendations.
- 3.3. On 19 September 2019, the Forum agreed to consider summaries of BVAR reports as they are published by the Accounts Commission, in order to place the South Lanarkshire audit in context and keep members informed about noteworthy Best Value developments elsewhere.
- 3.4. This report summarises the key themes and recommendations from BVARs published since the last meeting of the Performance and Review Scrutiny Forum, namely:-
- ♦ Angus Council (published 5 July 2022)
  - ♦ Falkirk Council (published 13 January 2022)
  - ♦ Shetland Council (published 25 August 2022)
  - ♦ Comhairle nan Eilean Siar (published 29 September 2022)

#### **4. Summary of Key Messages and Recommendations**

##### **4.1. The key messages for Angus Council are:-**

- ◆ The council has demonstrated a good pace of improvement since the last Best Value report in 2016. It has reshaped services and is an organisation that is focused on its priorities, working well with partners and keen to learn from good practice.
- ◆ The council and its partners have a clear vision for Angus. There is strong partnership working and collaboration. Partners across Angus worked well together to deliver services to those most in need during the Covid-19 pandemic. The council is looking to learn from others how to engage effectively with communities on the service redesign required.
- ◆ The pandemic has increased existing inequalities, hitting the most disadvantaged groups hardest. Reducing inequality is a priority for the council and it is engaged in a range of local projects to provide support and increase opportunities for its most disadvantaged citizens.
- ◆ The leader of the council and chief executive provide effective leadership. Officers and members have constructive working relationships. Effective arrangements are in place to support decision-making and public scrutiny. Elected members have worked together to make difficult decisions to deliver financial sustainability.
- ◆ Angus Council has effective financial management and medium-term financial planning but has yet to fully develop its long-term financial plan. The council has delivered significant financial savings in recent years through its Change Programme, including comprehensive service reviews. Now increasing financial pressures mean even more radical change is required to the range and scale of services and how they are delivered.
- ◆ Annual performance reports are used to inform elected members and the public of progress against council priorities. These reports are improving year on year, but performance reporting needs to be more frequent to help drive improvement. Clearer links between performance data and the impact of improvement actions is also necessary.
- ◆ Progress in embedding a council-wide performance management framework to drive improvement activity has been slow. Covid-19 disrupted progress. Further change is needed if the council is to realise its ambition to be a performance-led council.
- ◆ The council's performance has improved or been maintained across three of the four key priority areas within its Council Plan. But in its priority area of the local economy, where many indicators do not have performance information available, there were already challenging performance issues before March 2020.
- ◆ The Local Government Benchmarking Framework indicators for 2021/22 show a mixed picture, with good performance in areas such as waste management alongside the need for improvement in the key area of housing. The proportion of indicators in the top quartile is the highest since 2016/17.
- ◆ Across the majority of areas the people of Angus are more satisfied with their council services than the Scottish average.
- ◆ The Angus Health and Social Care Partnership is a key partner for the delivery of health and social care services. Good progress has been made in shifting care from hospitals to community and home-based care settings, but changes in the demand for care and recruitment challenges are resulting in unmet need. New models of service delivery are being introduced, but further change is needed to ensure services remain financially sustainable

#### 4.2 The recommendations for **Angus Council** are that:-

- ◆ The council and Angus Health and Social Care Partnership (AHSCP) must develop and deliver significant savings plans over the next few years to secure financial sustainability. This will require changes to the range and scope of services being delivered.
- ◆ The council needs to work better and more meaningfully with communities to engage with them to identify needs and opportunities and implement service changes that deliver the required savings.
- ◆ The council should complete its implementation of the Performance Led Council programme (PLED) which will improve the use of performance information and better demonstrate the impact of improvement actions.
- ◆ The council should introduce its partially developed long-term financial planning framework.

#### 4.3 The key messages for **Falkirk Council** are:-

- ◆ In its last Best Value report in 2018, the Accounts Commission said that the council would need strong leadership to make the necessary step change in its pace of improvement. Since then, the council has taken a range of actions to improve leadership and develop an improvement culture. However, elected members and the corporate management team have not yet demonstrated the collective leadership required to drive the change necessary to deliver the council's priorities. The council has made insufficient progress on key aspects of Best Value, including improving financial sustainability, performance management and reporting, community empowerment and equalities. It has only recently begun to take forward developments in these important areas.
- ◆ The council established its Council of the Future (COTF) programme for transforming the way it works in 2017, but it has still to make a significant impact on services and savings. After commissioning a review from an external consultant in 2020, senior officers have recently implemented substantial changes to how they manage the transformation programme. But the pace and depth of the transformation programme need to be significantly improved
- ◆ The council has a medium-term financial plan, but this does not identify how it will address the full extent of its projected £70 million funding gap over the next five years. Elected members typically opt to use reserves to balance annual budgets rather than taking more difficult decisions within savings options proposed by officers. This is not sustainable.
- ◆ While the council has appropriate governance arrangements and good working relationships between senior officers and elected members across the political parties, significant delays in elected members taking some key decisions are impacting on the council's pace of change. Elected members need to make difficult decisions quickly about the future shape of services and show better collective leadership with the corporate management team to deliver the necessary change. We expect all members to work together, and with officers, to fulfil the council's duty of Best Value.
- ◆ The council performs well in several key services, and performance continues to improve. Moreover, it is actively working to address areas in which performance is poorer. In 2019/20, its performance in 60 per cent of published Local Government Benchmarking Framework (LGBF) indicators was above the national average. The people of the Falkirk Council area are, however, less satisfied with the council's performance and services than in other areas of Scotland. Previously highlighted weaknesses in the performance information reported to the public and to committees for effective scrutiny have recently begun to be addressed.

- ◆ The council has not been effective in ensuring that equalities are embedded across the organisation. Following a review in 2019/20, the council is responding to several significant weaknesses including: the absence of a governance framework, the need for self-assessment, a focus on reviewing outcomes and improving reporting progress against its statutory requirements.
- ◆ The council has decided to wind up the Falkirk Community Trust and bring sport, leisure and cultural services back in-house from April 2022. The council sees long-term benefits to this decision but the additional costs it will incur pose a significant risk to value for money unless the council takes difficult decisions quickly. The council has begun reducing total staffing costs to mitigate this risk.
- ◆ The council has strong and positive working relationships with its community planning partners and these have supported an effective joint response to Covid-19 as well as important new developments, such as the Falkirk Investment Zone. However, the Community Planning Partnership (CPP) has not been able to demonstrate whether it is delivering positive outcomes for its communities. It is working to address this through reporting progress against its new Falkirk Plan, published in November 2021. It has also failed to develop locality plans, despite legislation requiring them to be complete more than four years ago. This is now being taken forward as a priority.
- ◆ Recently there has been close joint working between the council, the Health and Social Care Partnership (HSCP) and NHS Forth Valley in responding to the Covid-19 pandemic. This has improved the effectiveness of the Falkirk Integration Joint Board (IJB) and enabled it to make progress in shifting the balance of care. However, NHS Forth Valley has yet to fully integrate key services. This falls short of the expectations within legislation and reduces the IJB's ability to achieve transformational change.
- ◆ The council has made limited and slow progress in empowering its communities in response to the Community Empowerment Act 2015, but this is now a greater priority. It introduced community choices, a participatory budgeting scheme, during 2021. The council has also recently strengthened its capacity to work better with communities. This, together with the response to Covid-19, has resulted in a positive shift in its approach and culture in engaging and working with communities in the last two years.
- ◆ The council responded well to the immediate challenges of the Covid-19 pandemic, supporting and working with its communities, including using their views to develop a new vision and priorities for the recovery from Covid-19. It is aligning its plans, transformation programme, and performance reports around its three key priorities (Communities, Enterprise and Innovation) and has begun making good progress in improving its use of digital technology in line with its priority of becoming more innovative.

#### 4.4 The recommendations for **Falkirk Council** are that:-

- ◆ Elected members and senior officers need to work more constructively together to lead the council more effectively and decisively. All elected members need to recognise that they have a responsibility to deliver Best Value, and they need to work together, and take difficult decisions in a timelier manner to allow the council to progress with its agreed priorities.
- ◆ It is crucial that the council makes far greater progress in delivering its transformation programme and in making savings, given the scale of the challenges it faces. To do this:-
  - as previously recommended in 2018, the council's chief executive and senior officers need to lead the COTF programme more effectively
  - the council needs to adopt a multi-year approach to budgeting that supports transformational change

- the council must ensure that all staff are fully engaged in the transformation programme, and that budget holders are clear on expectations to deliver the planned savings and are held to account
- elected members need to be provided with better information more frequently about the status of the COTF projects, the savings delivered and projected savings to support better scrutiny
- ◆ The council should continue to improve its approach to reporting performance to elected members and the public to support more effective scrutiny. To do this the council needs to:-
  - add more commentary to reports to explain how its performance compares with previous performance and other councils
  - add more commentary to its plans to explain how it will address areas of poorer performance
- ◆ The council needs to better manage its capital programmes to deliver planned projects.
- ◆ The council and its community planning partners need to improve how they manage and report their performance. To do this they need to:-
  - determine clear outcome milestones for the new Falkirk Plan
  - improve performance reporting to enable better scrutiny of performance and more focus on areas in which improvement is needed
- ◆ The council and its community planning partners urgently need to develop and implement locality plans to allow them to better focus on the needs of local communities.
- ◆ The council and its community planning partners need to embed their new approach to community engagement and empowerment. To do this they need to:-
  - make community engagement an integral part of service improvement and delivery
  - apply the lessons learned from effective engagement activity across all council services and CPP activities
  - focus on the timely delivery of the actions agreed and report on progress
  - clearly communicate the results of, and the council's response to, community consultation
  - support community groups in the completion of asset transfers, participation requests and participatory budgeting initiatives
- ◆ The council needs to ensure that it can deliver the benefits envisaged from bringing the services provided by the Falkirk Community Trust in-house by making the difficult decisions required to realise savings
- ◆ The council should act to fully embed equalities across the council and comply with statutory requirements.

#### 4.5 The key messages for **Shetland Council** are:-

- ◆ The council has not yet demonstrated that it is meeting its Best Value duty in a number of important areas. Across its services and activities, the council can point to examples of good practice, but it has been slow to improve its plans for financial sustainability, its performance management and reporting, its transformation programme and aspects of its community engagement and empowerment. While there has been some very recent progress, the council's prospects for making the changes needed are uncertain. The elected members need to increase their ambition, pace and focus to deliver in these important areas.
- ◆ Shetland Islands Council faces specific challenges relating to the make-up and distribution of its population, its topography, workforce and the economy of the islands. The council's strategic plan, Our Ambition, reflects these challenges and opportunities and sets a clear vision for the council and its communities. The plan's aims are shared by partners.

- ◆ The council's elected members and senior management have good working relationships, but they are not yet providing the strategic leadership needed to coordinate and drive forward plans. Financial plans, asset improvement plans and workforce plans are not clearly linked to the council's priorities in Our Ambition.
- ◆ The council's services perform well, with national benchmarking data showing that performance improved in over half of the relevant indicators in the last five years. Shetland also has some of the highest service satisfaction scores in Scotland. Where service performance is weak, there are examples of the council taking action to improve.
- ◆ The council's own performance management and reporting systems and arrangements are not well developed and inconsistent, with a lack of performance indicators and targets. There have been some recent signs of improvement.
- ◆ The council has long-term and medium-term financial plans in place, however, there is an estimated funding gap over the next five years of between £61.2 million and £142.1 million. There is no clear link to the council's Change Programme, and therefore no clear plan of how the required savings will be made. The council is therefore unable to demonstrate that it is financially sustainable in the medium to long term.
- ◆ The council has been slow to deliver on transformation with a lack of pace and urgency to move it forward. The Change Programme has been put in place but is piecemeal and lacks sufficient resources.
- ◆ The council and its partners responded well to the challenges of the Covid-19 pandemic. There is a good culture of the council and its partners working together – that includes between the council and the NHS, and with the private and voluntary sectors. The Community Planning Partnership is committed to reducing inequalities but outcomes for Shetland's population are mixed.
- ◆ The council has a good understanding of the communities it serves but is not engaging with communities in a systematic way. There was no consultation on Our Ambition or the budget.
- ◆ The council is making good progress with implementing some aspects of the Community Empowerment Act, and is working with partners to support communities to become more resilient. Progress on implementing other aspects of the Act, such as the development of locality plans, has been slow.

#### 4.6 The recommendations for **Shetland Council** are that:-

- ◆ The council should improve performance management and reporting by:-
  - ensuring performance indicators are in place for plans and strategies at the time of their development
  - setting targets for its performance indicators as appropriate and in a timely manner
  - ensuring annual performance reporting is balanced, uses a mixture of qualitative and quantitative information (including recently agreed performance indicators) and clearly draws out areas for improvement and associated improvement actions
  - ensuring monitoring is in place for the council's early intervention and prevention projects
- ◆ Elected members should work with council management to set out how it will meet the estimated funding gap
- ◆ The council should improve how it involves elected members in budget-setting.
- ◆ The council needs to fully embed its Change Programme by:-
  - identifying, developing and aligning its supporting projects and activities
  - setting clear timescales
  - fully resourcing its work including the PMO Team ensuring there is a dedicated core hub for its work
  - creating a clear plan of how it will address savings identified in the MTFP

- ◆ The council should align all plans and strategies under Our Ambition to meet its priorities, specifically:-
  - workforce planning
  - the Asset Improvement Plan
  - financial planning
  - the Change Programme
- ◆ In respect of community engagement, the council should:-
  - engage communities on key strategic plans and developments, including the council plan and annual budget
  - demonstrate how the results of community engagement exercises have fed into plans and services
  - ensure locality plans are in place.
- ◆ In respect of impact assessments, the council should develop a consistent approach in carrying out EIAs.

#### 4.7 The key messages for **Comhairle nan Eilean Siar** are:-

- ◆ Comhairle nan Eilean Siar has not yet demonstrated that it is meeting its Best Value duty in a number of important areas. It has implemented successful initiatives and shows good practice in community engagement and in supporting the local economy, but the pace of wider-scale change and improvement has been slow. The Comhairle's prospects for achieving the improvements needed are currently uncertain and will be influenced by its ability to successfully manage its finances, workforce and leadership capacity.
- ◆ Elected members and the corporate management team work well together but need to provide stronger strategic direction and leadership. In doing so they should identify clear priorities and planned actions for achieving the change and improvement needed. The community planning partnership has an important oversight role and needs to renew its overall strategy and focus.
- ◆ The Comhairle does not have an effective medium or long-term financial strategy that links to transformation, workforce and asset planning. It has only partly realised its ambitious savings anticipated from service redesign. The Comhairle has had the largest decrease in funding in real terms of any Scottish local authority in recent years. In the absence of a detailed financial strategy, the Comhairle is not yet able to demonstrate that it will be able to meet the significant financial challenges it is facing over the medium to longer term.
- ◆ The Comhairle is a strong advocate for the Outer Hebrides and collaborates well with partners, national agencies and other rural and islands councils. The Islands Growth Deal sets a template for sustainable growth, building on the islands' unique energy potential.
- ◆ Depopulation and difficulties recruiting staff are a critical challenge to sustaining services on the islands. The Comhairle should ensure it has the leadership capacity to fulfil its ambitious plans for the economy and repopulation. It is currently updating its workforce and organisational development plans.
- ◆ Service performance and public satisfaction with services has declined overall in the past five years. There are significant challenges in social care and tackling fuel poverty. The Comhairle performs well in education services and in supporting the local economy and it has a successful apprenticeship programme. The Comhairle together with its partners responded well to the Covid-19 pandemic.
- ◆ Elected members and officers need to have more focus on targeted performance management, improvement and self-evaluation. Public performance reporting needs to be more accessible and include progress with improving outcomes for the people of the islands.

- ◆ Social care services face specific recruitment and workload challenges. Funding and resourcing issues have led to uncertainty over the Comhairle and Integration Joint Board's (IJB) delivery of a flagship health and social care facility.
- ◆ Elected members understand community issues. The Community Planning Partnership has local plans in place for areas of priority need. The Comhairle is making good progress with some aspects of the Community Empowerment Act and supports communities in making local spending decisions on the use of Crown Estate funding

4.8 The recommendations for **Comhairle nan Eilean Siar** are that:-

- ◆ The Comhairle should identify clear and specific overall priorities and actions for taking forward its vision.
- ◆ Elected members should ensure they provide strategic oversight and challenge to progress the Comhairle's vision and priorities.
- ◆ The Comhairle should develop medium to long-term financial planning and strategic workforce and asset management planning.
- ◆ In developing capital projects, including its community hub proposals, the Comhairle should ensure projects are supported by robust business cases and that lessons are learned from the Goathill project in areas such as funding and resourcing.
- ◆ The Comhairle should improve its process for identifying and realising savings opportunities, including opportunities from cross-council and partnership working. It should ensure that opportunities for digital efficiencies are fully explored.
- ◆ The Comhairle and partners should develop the LOIP alongside a clear performance management framework to deliver achievable shared outcomes.
- ◆ The Comhairle should develop ongoing training opportunities for members and officers, including making equalities training mandatory for all staff and increasing members' uptake of training.
- ◆ The Comhairle should develop and communicate its area working arrangements more clearly, building on the good practice already in place.
- ◆ The Comhairle should improve communications throughout the council, including communicating the Comhairle's priorities.

## 5. **Next Steps and Recommendations**

- 5.1. All BVAR reports and recommendations are available on the [Audit Scotland](#) website.
- 5.2. Further reports will be brought to the Forum as these BVARs are published, to keep members informed on Best Value themes, topics and developments elsewhere in Scotland.

## 6. **Employee Implications**

- 6.1. There are no employee implications.

## 7. **Financial Implications**

- 7.1. There are no financial implications.

## 8. **Climate Change, Sustainability and Environmental Implications**

- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

## 9. **Other Implications**

- 9.1. There are no risk implications as a result of this report.



## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 10.2. There was no requirement to undertake any consultation in terms of the information contained in the report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

17 October 2022

### **Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, effective, efficient and transparent
- ◆ Ambitious, self-aware and improving

### **Previous References**

- ◆ None

### **List of Background Papers**

- ◆ Angus Council BVAR published by the Accounts Commission on 5 July 2022
- ◆ Falkirk Council BVAR published by the Accounts Commission on 13 January 2022
- ◆ Shetland Council BVAR published by the Accounts Commission on 25 August 2022
- ◆ Comhairle nan Eilean Siar BVAR published by the Accounts Commission on 29 September 2022

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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