

Report

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Report to:	Risk and Audit Scrutiny Forum
Date of Meeting:	4 September 2012
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Audit Scotland - Annual Overview of Local Government in Scotland 2011
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Risk and Audit Scrutiny Forum with a summary of the key points of interest to the Council, contained within the Audit Scotland Report (Annual Overview of Local Government in Scotland 2011)

2. Recommendation(s)

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

- (1) that the summary information relating to the Audit Scotland report is noted

3. Background

- 3.1. In March 2012, Audit Scotland published the above report on behalf of the Accounts Commission. The report focused on the challenges, risks and opportunities in 2012 and also included a short summary of resource management in 2011.
- 3.2. The report was noted as being written within a context of services being delivered by councils and other organisations either directly or in partnership, and noted the continued pressure on budgets, particularly from demand led services such as social work and housing. Reference was also made to the changes which came about as a result of the 2007 local government elections and recognised that further change was likely after May 2012. Whilst recognising all of these as challenges, the report noted that they also provide an opportunity for fresh thinking in terms of service delivery and to consider if management and committee structures are fit for purpose.
- 3.3. Having considered both performance and challenges for local authorities, Audit Scotland has identified a number of top priorities for councils for 2012. The detail of these are noted at Appendix 1 to this report, but can be summarised as follows:
- Best value, governance and equality
 - Preventative spend and organisational capacity
 - Budget setting and long term sustainability
 - Retaining workforce capacity; effective asset management and procurement
 - Leadership and governance
 - Working in partnership

- Options for service delivery
- Performance information

- 3.4. It is acknowledged that councils are unlikely to be able to improve performance in all outcomes and service areas, and that there are difficult choices to be made in prioritising the level and quality of services. That said, the report is quite specific in noting that the Accounts Commission will expect to see evidence of effective governance and service delivery, in partnership with others, which provides best value.
- 3.5. Councils are asked to review the audit report and to identify how the points highlighted are being dealt with. The report also includes a checklist which can be used by councils to help focus on the top priorities noted at 3.3 above, as well as a Partnership Assessment Framework which sets out key principles for successful partnership working.
- 3.6. The Accounts Commission also notes that it welcomes comments on the report and how it may improve in the future, particularly around how messages from audit work can be conveyed to elected members.

4. South Lanarkshire Council's response

- 4.1. The report contains a wide range of observations and recommendations and the detail was considered by senior officers within the Council from two perspectives.
- 4.2. Firstly, it was reviewed to enable officers to confirm where action had already been taken, or was currently being taken to respond to particular issues. For those actions, the Forum is asked to note this proactive approach taken by the Council. The Forum is advised that, if required, the Council's external auditors can be provided with information on the relevant actions and the Council's approach to respond.
- 4.3. The second strand was to give consideration to particular areas highlighted within the report which required action to be taken by the Council. In order to take these forward, an operational action plan has been developed (Appendix 2) which identifies responsible officers and timescales. Once again, this demonstrates a positive response from the Council. Actions proposed include consideration of the Audit Scotland checklist and framework Appendices.
- 4.4. The Audit Scotland report does not generally refer to individual councils. Of the specific references which are made, there are two which relate to South Lanarkshire Council. In respect of Shared Services it is noted that the Council was one of a number which (as a result of the Clyde Valley Review) had agreed to participate in the shared support services workstream. The report notes that the Council was one of four which subsequently withdrew citing concerns over best value. It is also noted that overall progress in the delivery of shared services has been low and also that significant savings in the short term remain unlikely. The Forum is asked to note that the Council did withdraw from this workstream and that a report was presented to the Executive Committee on 1 December 2010 which recommended this decision. However, the Forum is further advised that, whilst the Council withdrew from this workstream, it is important to note that it has supported others including Social Transport and Fleet, Health and Social Care, Common Charging, Joint Economic Strategy, and particular elements of Waste Management. The Council also led on the Property Management Workstream.

- 4.5. The second reference to South Lanarkshire Council relates to the General Fund Balance (as a percentage of net cost of services). Information is included for all Scottish local authorities. The Council is noted as having no 'non earmarked' balance for 2009/2010 and no 'earmarked' balance for 2010/2011. The Forum is asked to note that the correct status of the Council's General Fund Balance is all 'non-earmarked' and also that the financial strategy includes arrangements to increase the General Fund Balance to 1.25% of expenditure (approx £10m).
- 4.6. It is relevant for the Forum to note that the priorities identified with the Audit Scotland report (summarised at paragraph 3.3 above) are reflected in the objectives included within the Council Plan - Connect. This applies both to the Plan which covered 2007-2012, as well as the Plan which is currently under consideration for 2012-2017. The Forum will recognise this as being indicative of the Council's commitment to best value and continuous improvement.
- 5. Next steps**
- 5.1. The Forum is asked to note that officers should continue to address relevant actions within the report. In some instances, Audit Scotland will request a brief overview of what impact the detail of these reports have had on councils. The Forum is asked to note that details will be provided, if required, based on work noted at paragraphs 4.2 and 4.3 above.
- 6. Employee Implications**
- 6.1. There are no employee implications.
- 7. Financial Implications**
- 7.1. There are no financial implications.
- 8. Other Implications**
- 8.1. The risk associated with any of the relevant actions within the Audit Scotland report will be considered in line with the Council's arrangements for Risk Management.
- 8.2. There are no implications for sustainability in terms of the information contained in this report
- 9. Equality Impact Assessment and Consultation Arrangements**
- 9.1. 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.
- 9.2. There is no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

24 July 2012

Link(s) to Council Objectives/Improvement Themes/Values

- All Improvement Themes

Previous References

- None

List of Background Papers

- Audit Scotland Report (March 2012) An overview of local government in Scotland (Challenges and change in 2012)

Contact for Further Information

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

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Summary of top priorities for local authorities in 2012

Overarching priorities

- Maintaining a focus on best value, governance and equality to improve services and outcomes for people and communities.
- Identifying priorities taking account of existing commitments, the shift in focus to preventative spending and organisational capacity.
- Monitoring the 2012/13 budget and setting budgets for 2013/14 which achieve a balance between short-term aspirations and long-term sustainability.
- Ensuring workforce reductions do not erode capacity, getting asset management right and securing further progress on procurement.

Leadership and governance

- Providing strong leadership and challenge in a period of increasing resource and demand pressures and substantial service and structural change.
- Ensuring appropriate access and influence for the statutory officer for finance and effective financial controls.

Working in partnership

- Getting the best from partnership working by delivering more integrated services, better value for money and improved outcomes.
- Ensuring partnership performance information systems are sound and that accountabilities are clear.

Options for service delivery

- Engaging with communities to understand service users' and communities' needs.
- Investigating new ways of delivering service, including opportunities for simplifying and standardising common processes.

Performance information

- Ensuring good quality performance information is available to support improvement and inform decision making.
- Increasing the focus on costs and on measures which monitor partnership outcomes and performance.

Recommended actions

Appendix 2

Audit Scotland observation/ recommendation on local government in Scotland	Relevance	Action (Responsibility)
Checklist for new and returning elected members (App 1, para 17, 115)	Checklist provides a series of prompts which will assist in identifying support and advice required for elected members to enable them to respond to challenges.	Completion of checklist after planned programme of training provided to elected members following election. (Head of Administration)
Comments invited on Audit Scotland Report and also how main messages can be conveyed to elected members. (para 17)	Audit Scotland is keen to help support elected members in their role.	Consider in conjunction with checklist. (Head of Administration)
Equalities and Human Rights Commission highlighted lack or unreliability of data in assessing equality. (para. 58)	Better use of existing data sources and more sophisticated data-collection techniques would allow better understanding of needs and aspirations of different people.	Report to Finance and Corporate Committee (27 June 2012) informs of Council response to implementation of Equalities Act and includes relevant Action Plan (Head of Personnel)
Accounts Commission work on how external scrutiny can support the delivery of better outcomes from CPPs. Scottish Government and Cosla are undertaking a review of community planning to enable councils to agree priorities for public services in their area immediately following May 2012 elections. (para 60, 65)	Community Planning structures and different accountabilities may be a barrier to effective working. There are also limits to the extent which CPPs can hold partners to account.	Consider results of work by Accounts Commission, Scottish Government and Cosla and report to Council and SL Partnership Board. (Head of Administration)
Partnership Assessment Framework identifying good governance principles for successful partnership working. (para 71)	Council needs to ensure partnerships have a shared vision and collective agreement on objectives and outcomes,	Consider detail of principles and thereafter take action to ensure application of framework within partnerships as appropriate. (Head of Legal Services - Governance Group)
The use of benchmarking data to assess costs, quality and performance remains under-developed (para 93)	This will be further endorsed by the use of Solace benchmarking measures and family groups once determined.	The Council is committed to participation in the Solace Benchmarking and LFR work. In 2010 the CIAB compiled a summary of benchmarking activity for respective Resources. This will be considered again in conjunction with

Audit Scotland observation/ recommendation on local government in Scotland	Relevance	Action (Responsibility)
		Solace benchmarking information. (Head of Audit and Improvement – CIAB)
The Accounts Commission is very concerned that performance related cost in information continues to be underdeveloped. (para 100)	Cost information contributes to the effective management of services. The Commission will (in the near future) publish a report on use of costs in performance management in local authorities including key guidance and good practice.	Work is currently underway by the CIAB to consider SPIs and LPIs relative to Audit Scotland requirements in respect of SPI1 and SPI2. This will inform the mix of measures currently in place and highlight any potential gaps. This will include a comparison with 'Value for money in public sector corporate services' report and identification of any gaps in measures being used. The Audit Scotland report will be reviewed and recommendations reported to Corporate Management Team. (Head of Finance and Head of Audit and Improvement)
More work is required to develop (SOA related) measures which show progress against long-term objectives and partnership outcomes.(para 102)	Links Scottish Government working with delivery organisations to develop 'contributory outcomes'. This will help monitor impact of preventative spend away from dealing with 'symptoms' to tackling 'root cause' of inequality and disadvantage'	Consider in terms SOA detail. (Head of Administration)
In individual councils there have been higher than usual number of instances of non compliance with financial regulations and procedures, resulting in investigations. (para 140)	It is noted that staff must have a good knowledge of these, why they are important and where to get advice and support. There were however, no instances of non-compliance identified in respect of South Lanarkshire Council.	Take account of comment when publishing Standing Orders, Financial Regulations, etc. (Head of Administration and Head of Finance)