

REPORT TO: East Lothian Council

MEETING DATE: 27 February 2018

BY: Chief Executive

SUBJECT: Best Value Assessment Review 2018

1 PURPOSE

- 1.1 To inform Council of Audit Scotland's intention to carry out a Best Value Assurance Review of East Lothian Council in spring 2018.

2 RECOMMENDATIONS

- 2.1 Council is asked to authorise the Chief Executive to dedicate appropriate resources to prepare for the Best Value Assurance Review.

3 BACKGROUND

- 3.1 The Local Scrutiny Plan 2017/18 advised the Council of the Accounts Commission's intention to publish a Best Value Assessment Review (BVAR) for East Lothian Council in 2018. This will be the first Best Value audit that the Council has had since 2006/07.

- 3.2 The Accounts Commission has adopted a new framework for auditing Best Value, which will result in a BVAR being conducted on each council once in a five-year cycle. East Lothian's BVAR will come in year two of the cycle, 2018/19.

- 3.3 The basis for the BVAR still comes from the duty of Best Value created by the Local Government in Scotland Act 2003, which can be summarised as:

Each local authority must have arrangements in place to secure Best Value / continuous improvement in the performance of its functions with an appropriate balance between quality and cost, economy, efficiency and effectiveness as well as equal opportunities and sustainable development.

- 3.4 The statutory guidance around the duty of Best Value highlights the requirement to have due regard to issues such as:

- Commitment and leadership
- Responsiveness and consultation
- Sound governance – strategic, financial and operational
- Sound management of resources
- Use of review and options appraisal
- Joint working
- Accountability.

3.5 The Accounts Commission reviewed its approach to scrutinising Best Value to take account of changes in the local government landscape since the 2003 legislation and guidance. It has refined the Best Value audit process to take account of factors such as:

- Delivering continuous improvement at a time of reducing resources
- The significance of self-evaluation / self-awareness
- The changes in leadership culture and behaviours, working relationships and cross party working following the introduction of the STV voting system
- Technological advances
- Increasingly complex governance arrangements relating to ALEOs and integrated and shared services
- Community empowerment.

3.6 The new BVAR process, introduced by the Accounts Commission in 2017, is based on assessing Best Value as part of annual audit work and not relying solely on a single Best Value audit or inspection. This allows the auditors to form a more rounded view of each Council's performance against Best Value criteria.

3.7 Audit Scotland informed the Council on 30 January 2018 of the scope and timetable for completing the Council's BVAR. The main focus of the BVAR will cover four key areas:

- **Leadership, governance and scrutiny:** vision, priorities, member and officer roles and responsibilities – focusing on Following the Public Pound and ALEO governance arrangements; internal audit; and City Deal
- **Outcomes and performance:** overall assessment of outcomes, performance and public reporting – with a particular focus on delivery of the Council's priorities as set out in the Council Plan 2012-2017, including Education performance

- **Improvement:** self-evaluation, change / transformation plans and programmes
 - **Partnership working:** Community Planning Partnership – including community empowerment.
- 3.8 The BVAR will also include some coverage of areas that will be audited during the next three years including:
- Financial and service planning
 - Financial governance and resource management
 - Equal opportunities arrangements.
- 3.9 The Council's auditors have already carried out some Best Value audit work as part of their 2016/17 audit. The report to Members on the 2016/17 audit stated that:
- “The Council has effective arrangements in place regarding financial and service planning and financial governance and resource management”* and, *“The Council has appropriate arrangements in place for the collection, monitoring and reporting of performance information.”*
- 3.10 The next stage of the BVAR will be conducted by a team of auditors and Performance and Best Value staff from Audit Scotland. The team has already begun reviewing documentation in preparation for fieldwork that will commence in mid-March. The fieldwork will include further detailed review of documentation, processes and practices; interviews with senior staff and management and operational staff; focus groups with staff; interviews with elected members, including Cabinet members, Group Leaders and Chairs of committees; and interviews with representatives from the Council's Community Planning partners.
- 3.11 This stage of the BVAR will be completed by June, following which a draft report will be shared with the Council. A final report will be presented to the Accounts Commission in October 2018.
- 3.12 The Council has a well-defined and established Improvement to Excellence/Continuous Improvement Framework, including self-evaluation, performance management and financial and strategic planning and improvement activity. The framework and the work that is undertaken corporately and across all services under the framework provide a good basis for the Council's preparations for the BVAR. In addition, the Council Improvement Plan approved by Council (August 2017) included improvement actions arising from the 2017 Corporate Governance Self-evaluation (Audit & Governance Committee, 20 June), the Investors in People accreditation (resulting in a Silver award) and the assessment for the Quality Scotland Committed to Excellence award.
- 3.13 The Chief Executive and Council Management Team have been providing leadership and oversight of the various strands of this continuous improvement work, which will feed into the BVAR. An

Improvement to Excellence working group has undertaken preparatory work, including assessment of the Council's policies, processes and practices against Audit Scotland's Best Value toolkits.

- 3.14 The next stage of the BVAR (fieldwork) as outlined in paragraph 3.10 will involve substantial numbers of senior officers and staff as well as representatives of partner organisations being interviewed and taking part in focus groups. This will require to be co-ordinated and managed and staff will need to be made available for interviews/ focus groups.

4 POLICY IMPLICATIONS

- 4.1 The Council is subject to the duty of Best Value as set out in the Local Government in Scotland Act 2003 and related statutory guidance. The BVAR carried out by Audit Scotland will provide assurance that the Council is meeting its statutory duty. Any recommendations arising from the BVAR will be incorporated into a Council Improvement Plan that will be approved by Council.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 An impact assessment has not been carried out on this report as it does not directly affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – none
- 6.2 Personnel – no additional staffing resource is required. However, existing staff will be required to re-prioritise their work over the coming months to support the BVAR process.
- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 East Lothian Council Local Scrutiny Plan 2017/18; East Lothian Council, 27 June 2017
- 7.2 Audit Best Value: Proposed Areas of Work; letter from Audit Scotland to Angela Leitch, Chief Executive, East Lothian Council; 30 January 2018
- 7.3 2017/18 Council Improvement Plan; East Lothian Council, 22 August 2017

AUTHOR'S NAME	Paolo Vestri
DESIGNATION	Service Manager: Corporate Policy and Improvement Manager
CONTACT INFO	pvestri@eastlothian.gov.uk Tel: 01620 827320
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