

REPORT TO: East Lothian Council

MEETING DATE: 11 December 2018

BY: Chief Executive

SUBJECT: Best Value Assurance Report

1 PURPOSE

- 1.1 To advise Council of the findings and recommendations of the Accounts Commission's Best Value Assurance Report on East Lothian Council and seek approval for the response and improvement action plan arising from the report.

2 RECOMMENDATIONS

- 2.1 Council is asked to note the Best Value Assurance Report and the Accounts Commission's Findings (available in the Members' Library, Ref: 176/18, December 2018 Bulletin).
- 2.2 Council is asked to approve the Improvement Plan which addresses the recommendations made in the Best Value Assurance Report and note that progress on implementing the Improvement Plan will be presented to Council during 2019.

3 BACKGROUND

- 3.1 Audit Scotland carried out a Best Value Assurance review of East Lothian Council in spring 2018. The review focused on four main areas:
- Leadership, governance and scrutiny: vision, priorities, member and officer roles and responsibilities
 - 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 and community empowerment.
- 3.2 The review was carried out by a team of auditors and best value auditors from Audit Scotland and involved extensive review of documentation and interviews with elected members, council officials and partners. A draft report was produced in August and a final report was considered by the Accounts Commission in October. The Council received the final report along with the Accounts Commission's findings on 1 November 2018. The report has been lodged in the Members' Library Reference: 176/18, and also can be downloaded from the Audit Scotland website: <http://www.audit-scotland.gov.uk/report/best-value-assurance-report-east-lothian-council>
- 3.3 The report concludes that the Council has improved significantly in the 11 years since the Council's last Best Value Audit, in particular in relation to governance arrangements, decision-making processes, leadership and scrutiny. Other key points in the report include:
- The council has delivered and planned for further local population growth, with a well-supported vision and improvement framework. Improvement activity and embracing new technologies is being taken forward through its Transformation Programme
 - Financial management is effective with a budget-setting process focused on the council's priorities - growing our economy, growing our people, growing our communities and growing our capacity
 - Strong links are in place with partners and the council works well and engages effectively with local communities
 - Most local residents are happy with our services, with high overall satisfaction
 - The council is achieving or exceeding its targets for most indicators and performance compares favourably to other councils in the majority of services
 - It is vital that the council maintain the pace of change to deliver expected outcomes.
- 3.4 The report includes a set of recommendations for the Council. These are detailed below with a short commentary on what action the Council is already taking or plans to take in response.
- Recommendation 1: Ensure that performance reporting arrangements are more coherent and better aligned to demonstrating the delivery of the council's vision, supporting objectives, service performance and savings plans***
- 3.5 *Rec 1.1 Work with the East Lothian Partnership to agree outcome measures and report on progress in reducing inequalities and supporting the economy*

This work is already well underway to develop agreed outcome measures and report progress on reducing inequalities and supporting the economy. The 2018 Corporate Governance Self-evaluation identified the need to review all performance indicators and the way they are reported. A small set of indicators to measure progress in achieving the Council Plan's outcomes and strategic goals including those that relating to reducing inequalities and growing the economy.

The East Lothian Partnership Governance Group has agreed a set of high level indicators for the East Lothian Plan including outcome indicators for reducing poverty and growing the economy.

The revised Economic Development Strategy, approved by Cabinet (13 November 2018), includes indicators to measure the achievement of the strategies objectives of growing the business base and the number of people employed in East Lothian.

The Council and NHS are due to publish a report on local actions to reduce Child Poverty in June 2019.

- 3.6 *Rec 1.2 Report the benefits of the Transformation Programme projects are having for customers and communities; and the savings that are being realised*

All Transformation Programme project plans include details of projected benefits to customers and communities and, if appropriate, projected savings. Once projects have been completed evaluation is carried out to ensure that the benefits and savings are realised.

- 3.7 *Rec 1.3 Continue to focus on improving education performance for all children and young people in East Lothian*

The Council, our partners, Education Service and all schools are fully committed to, and focussed on, improving education performance. This is evidenced in the Council Plan strategic goals to reduce the attainment gap and raise the achievement of our children and young people, the Education Service Improvement Plan and individual School Improvement Plans.

- 3.8 *Rec 1.4 Build on good arrangements for scrutiny by ensuring reports are free of jargon, clear on purpose and provide the information elected members need to scrutinise effectively*

The chairs and members of the Audit & Governance and Policy & Performance Review Committees play an active role in setting the agendas for the Committees and are able to request reports on any relevant matter.

Officers will continue to consult Elected Members in reviewing which indicators are reported to the Policy & Performance Review Committee and on the content of reports. Member briefings on the quarterly performance reports give Members the opportunity to request clarification or additional information.

The survey of Elected Members' training and development needs (June 2018) is being used to inform future Members' training and briefings. The Guide to

Scrutiny & Review (June 2017) is being revised and will be issued to Members in early 2019.

Recommendation 2: Develop more detailed plans linked to its longer-term financial strategy and to delivering the savings required

- 3.9 *Rec 2.1 Ensure the Transformation Programme delivers the expected benefits within the planned timeframe and prioritise the projects most likely to lead to major change*

The Transformation Programme – service delivery changes and exploiting digital / new technology opportunities – is being embedded within services. The Programme Team provides additional support to services as required to provide increased capacity to deliver significant change projects.

The delivery of Transformation activity is monitored and reviewed regularly by the Chief Executive and other senior officers to ensure it delivers expected benefits within the planned timeframe.

The progress of, and financial benefits achieved by, transformation activity are reported to elected members through the quarterly financial reports to Council and updates are provided to Policy Performance & Review committee and the Joint Consultative Committee.

Any transformation proposals requiring policy or financial decisions by elected members are brought to Cabinet or Council for decision.

- 3.10 *Rec 2.2 Prepare individual service workforce plans to support the high level Workforce Plan implementation plan to help the council consider in more detail how it will manage changes in services and staffing levels*

Workforce planning and 'Efficient Workforce Management' have been established elements of service planning and financial management for many years.

The Workforce Plan that was adopted by Council in June 2018 provides a 'One Council' analysis and approach to workforce planning and established a comprehensive action plan to achieve the council's workforce vision. The development of service workforce plans is the first action in the Workforce Plan's Implementation Plan and work is underway to ensure that services that require their own specific workforce will have them in place by spring 2019.

The Council has been working with Investor in People to ensure that our policies and practices meet the IIP and Investor in Young people standards and has achieved the Silver standard in IIP and the Gold in IIYP. The improvement actions identified by the IIP and IIYP assessments helped inform the Council's Workforce Plan.

Recommendation 3: Continue to focus on working with communities

- 3.11 *Rec 3.1 Ensure community and third sector organisations, such as charities and voluntary groups, have the opportunity to shape council strategic planning at an earlier stage*

The council is committed to continue to engage with community and third sector organisations in the development of strategic plans at the earliest opportunity.

- 3.12 *Rec 3.2 Continue to support the local Area Partnerships to focus on priority actions within their Local Area Plans*

The council will continue to support Area Partnerships to focus on priority actions within their Area Plans. All Area Partnerships are developing Locality Plans with agreed priority actions focussed on reducing inequalities within and between communities.

- 3.13 *Rec 3.3 Coordinate consultation activity through its People Voice framework and tell local people how it has used their feedback*

The Council is updating our approach to consultation and engagement which will support the coordination of consultation activity and ensure that feedback is provided on all consultation exercises.

- 3.14 The Accounts Commission issued a set of findings based on the Best Value Assurance Report and its recommendations:

- The Commission accepts the Controller of Audit's report on Best Value in East Lothian Council. We endorse the recommendations set out by the Controller of Audit in his report and expect the council to act upon them.
- In our previous Best Value Audit report in 2007, we expressed our concern about the limited progress made by the council in establishing Best Value. We are therefore pleased to note a significant improvement in how the council is now demonstrating Best Value. We also note, however, that some improvement actions are at an early stage and will require continued momentum to achieve the expected outcomes.
- The council shows good self-awareness in its assessment of how it can improve. We note however the substantial risks and challenges faced by the council in dealing with the demands of a rapidly growing population in East Lothian. It is vital that the council maintains the pace of change and delivers, with its partners, the aspirations set out in the local development plan, including its focus on local economic development.
- We commend the council for putting in place a five-year financial strategy and a corporate workforce plan. These are relatively recent and need now to be implemented. Clearer prioritisation and robust appraisal of options in the Transformation Programme will be crucial components in the way forward to help deliver required savings. We also note in particular the need for continuing improvement in education services.

- In facing its challenges, strong leadership by the council's officers and elected members will be vital. Governance arrangements – including good support for member development, effective scrutiny by members, and improved reporting of performance to members and the public – will be an important basis of such leadership.
 - We underline the Controller of Audit's recommendation that the council continues its focus on working with communities. Local area partnerships have good potential in helping empower communities and in helping the council identify how it will meet its challenges. Fulfilling this potential will rely on the council working well with its partners.
 - We will maintain our interest in the council's progress. The Controller of Audit will monitor progress through the annual audit and update the Commission accordingly.
- 3.15 The Council has a duty to respond to the Commission's findings and the recommendations set out in the report. As demonstrated in paragraphs 3.5 - 3.13 above the Council is already making significant progress in meeting the recommendations set out in the Best Value Assurance Report.
- 3.16 It should be noted that 2018 Corporate Governance Self-evaluation, which was reported to and approved by Cabinet in June 2018, identified eight areas of development and improvement, many of which reflect the recommendations made by the Accounts Commission reinforcing that we have good self-awareness.
- 3.17 An Improvement Plan (Dec 2018 – March 2020) outlining the actions that will be taken in order to respond to the Findings and Recommendations and incorporating the actions arising from the Corporate Governance Self-evaluation is set out in Appendix 1. Progress in achieving the Improvement Plan will be reported to Council during 2019.

4 POLICY IMPLICATIONS

- 4.1 The Best Value Assurance Report provides assurance that the Council has an established and effective approach to continuous improvement which ensures it meets its legal requirement to seek to achieve best value. There are no significant policy implications arising from the report's recommendations or the Accounts Commission's findings. Improvement actions arising from the recommendations and findings have been incorporated in the Council's 2018 - 2020 Improvement Plan.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and an Integrated Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – none.
- 6.2 Personnel – none.
- 6.3 Other – none.

7 BACKGROUND PAPERS

- 7.1 East Lothian Council Best Value Assurance Report; Account Commission, October 2018: <http://www.audit-scotland.gov.uk/report/best-value-assurance-report-east-lothian-council>, also available at Members' Library Service Reference: 176/18 (December 2018 Bulletin)
- 7.2 Appendix 1: Council Improvement Plan 2018 - 2020

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DATE	30 th November 2018

APPENDIX 1: Council Improvement Plan (Dec 2018 – March 2020)

Council Improvement Plan (Dec 2018 – March 2020)

This Plan is based on recommendations and actions identified by the Best Value Assurance Report (BVAR) and the Council's Corporate Governance Self-Evaluation (CGSE)

	ACTION	SOURCE	LEAD OFFICERS	DEADLINE
1	<p>Implement the Council Workforce Plan. The implementation plan has 28 actions within 7 workstreams:</p> <ul style="list-style-type: none"> a) Workforce planning, including service workforce plans where relevant b) Employer of choice, including consideration of adopting a 'Staff Deal' c) PRD, performance and development d) Leadership and management development e) Wellbeing f) Recruitment, selection and retention g) Rewards and recognition 	BVAR CGSE	Service Manager Corporate Policy & Improvement	The Plan is a four year plan and each action in the Plan has been allocated a deadline within for completion within the timespan of the Plan
2	Review all performance indicators and adopt a small set of key indicators that measure progress in achieving the Council Plan outcomes and strategic goals and work with the East Lothian Partnership to agree outcome measures and report on progress in reducing inequalities and growing the economy	BVAR CGSE	Service Manager Corporate Policy & Improvement	March 2019
3	Review the format of the Council's Annual Report/ Annual Public Performance Report and how performance is reported to elected members	BVAR CGSE	Service Manager Corporate Policy & Improvement	March 2019

4	Revise and then implement the Council's Continuous Improvement Framework to take on board improvements identified through the Recognised for Excellence Assessment	CGSE	Service Manager Corporate Policy & Improvement	March 2019 through to March 2020
5	Revise and deploy an updated approach to consultation and engagement ensuring community and third sector organisations have opportunities to inform council policies, strategic plans and service improvement	BVAR CGSE	Service Manager Corporate Policy & Improvement	March 2019 through to March 2020
6	Continue to embed transformational change across the Council and ensure it delivers expected improvement and benefits within planned timeframes, prioritising projects that are most likely to lead to major change and significant benefits	BVAR	Chief Executive	March 2020
7	Continue to focus on improving education performance for all children and young people in East Lothian	BVAR	Head of Education	March 2020