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<b>Report To:</b>	<b>Policy and Resources Committee</b>	<b>Date:</b>	<b>19 November 2019</b>
<b>Report By:</b>	<b>Head of Organisational Development, Policy and Communications</b>	<b>Report No:</b>	<b>PR/26/19/SMcN/KB</b>
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<b>Subject:</b>	<b>Audit Scotland Reports on Midlothian, Perth and Kinross, Stirling and North Lanarkshire Councils</b>		

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## **1.0 PURPOSE**

1.1 The purpose of this report is to summarise the main points of Audit Scotland's 2019 Best Value Assurance Reports (BVARs) on Midlothian, Perth and Kinross, Stirling and North Lanarkshire Councils.

## **2.0 SUMMARY**

2.1 A summary of the key issues from Audit Scotland's Reports on Midlothian, Perth and Kinross, Stirling and North Lanarkshire Councils is set out at sections 5, 6, 7 and 8, while details of potential improvement actions for implementation by Inverclyde Council are outlined at section 9.

2.2 Areas highlighted at the four local authorities include:

- the Councils' visions and strategic directions;
- performance; and
- improvement.

## **3.0 RECOMMENDATIONS**

3.1 It is recommended that the Committee:

- a. notes the content of Audit Scotland's BVARs on Midlothian, Perth and Kinross, Stirling and North Lanarkshire Councils and takes cognisance of the recommendations made in respect of those local authorities; and
- b. notes that Officers are considering implementing a number of proposed improvement actions, as outlined at section 9.

**Ruth Binks**  
**Corporate Director – Education, Communities and Organisational Development**

## 4.0 BACKGROUND

- 4.1 The findings of relevant Audit Scotland reports on local authorities are presented initially to the Corporate Management Team (CMT) and thereafter to the Policy and Resources Committee, together with details of potential improvement actions for implementation by Inverclyde Council, as appropriate. Consideration of such reports ensures that we are kept updated about issues raised by Audit Scotland regarding other Councils; additionally, this information provides us with the opportunity to explore how we might learn from other local authorities with the aim of improving local service delivery.
- 4.2 Summaries of the key issues and recommendations in the BVARs on Midlothian, Perth and Kinross, Stirling and North Lanarkshire Councils are set out at sections 5, 6, 7 and 8, while section 9 outlines potential improvement actions from those reports for possible implementation by Inverclyde Council.
- 4.3 The documents reviewed in this report are the new BVARs which aim to offer a rounded and comprehensive analysis of a Council's performance. A BVAR will be produced for each local authority at least once every five years. The reports cover:
- the clarity of a Council's priorities and the quality of long-term planning to achieve these;
  - how effectively Councils are evaluating and implementing options for significant changes in delivering services;
  - how effectively Councils are ensuring that Elected Members and Officers have the right knowledge, skills and time to lead and manage delivery of Council priorities;
  - how effectively Councils are involving citizens in decisions about services; and
  - the quality of Councils' Public Performance Reporting to help citizens gauge improvement.
- 4.4 As the Committee will be aware, Inverclyde Council was the first local authority to be audited by Audit Scotland as part of its new process of Best Value Audit. Inverclyde's BVAR was published on 1 June 2017 and a report on its contents, together with an Improvement Plan, was submitted to Inverclyde Council on 29 June 2017.

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## 5.0 MIDLOTHIAN COUNCIL: BEST VALUE ASSURANCE REPORT

- 5.1 Midlothian Council's BVAR was published on 4 July 2019. The key areas of focus were:
- leadership and strategic direction;
  - performance and outcomes;
  - change and improvement plans;
  - process and results of self-evaluation;
  - financial management and financial planning;
  - workforce planning;
  - community and citizen engagement; and
  - transformational change and service redesign.

### 5.2 Midlothian Council – Key messages

Since its last Best Value Report in 2012, Midlothian has delivered a number of ambitious, high profile projects including schools, community campuses, housing and transport. However, there is a mixed picture in terms of the overall pace of improvement.

- 5.3 Audit Scotland said that the Council still needs to focus on some of Best Value's key requirements including financial sustainability, financial management and transformation. Audit Scotland also noted that, since 2016, Midlothian has used its reserves rather than make some difficult budget decisions.

- 5.4 Limited progress has been made with the delivery of the Council's corporate transformation programme, something which has contributed to Midlothian's difficulties in reaching a sustainable financial position. Audit Scotland said that the Council has a lot of work to do to address the challenges ahead and to deliver continuous improvement.
- 5.5 While Midlothian's focus is on key priorities, there are risks around the successful delivery of change because of its past track record and the scale of the challenge it faces; for example, it needs to address a £14.5 million budget shortfall by 2022/23.
- 5.6 The local area has the fastest growing population in the country (with a 13% increase to 100,410 expected by 2026). As well as an increasing funding gap, this means that the Council is facing significant medium- and longer-term challenges. While it has devised plans for delivering education and housing to meet its increasing population, Audit Scotland noted that Midlothian has still to agree and implement its Medium-Term Financial Strategy. (*The Strategy was agreed at a meeting of the Full Council on 25 June 2019.*)
- 5.7 In recent years, Midlothian has experienced a number of changes in political leadership. Since 2012, a Minority Administration has been in place and Officers and Elected Members have had to adapt and work in different ways. Audit Scotland noted that some tensions in relationships can impact on the effectiveness of the Council's business, adding that there needs to be an improvement in political leadership through a shared responsibility to deliver the Best Value agenda. Audit Scotland also highlighted the need for Elected Members to work together to agree without delay the Medium-Term Financial Strategy and Transformation Programme which are required to address the challenges the Council faces.
- 5.8 There is a mixed picture around performance across Midlothian's services, with the Council placed alongside other middle performing local authorities in terms of benchmarking indicators. Evidence exists, however, of improvement in some of the Council's priority areas, including outcomes for children and young people. Additionally, the Council makes good use of data to understand and improve performance.
- 5.9 On a further positive note, Audit Scotland said that partnership working is strong at Midlothian. The Council works well with its Community Planning Partners and the IJB. Additionally, Midlothian and its Partners have a joint vision for the area: the Single Midlothian Plan 2019/20.
- 5.10 While Midlothian is working with local residents to deliver improvements, it needs to build on this by involving communities to a greater extent. However, Audit Scotland noted that the Council is taking action to further improve its relationships with the third sector.
- 5.11 Midlothian Council – Recommendations

Audit Scotland made a number of recommendations for Midlothian Council, advising that it should:

- ensure that, without delay, Officers and Elected Members work together to develop and agree its Medium-Term Financial Strategy and progress its transformation plans;
- take action to develop and sustain more constructive relationships between Elected Members and between Elected Members and Officers;
- implement effective cross-Party governance arrangements with the aim of ensuring the delivery of its Medium-Term Financial Strategy and transformation plans;

- ensure that its workforce planning reflects its Medium-Term Financial Strategy;
- review its Capital Programme to ensure its delivery timeframes are achievable;
- enhance the Capital Programme's monitoring and reporting mechanisms to drive more accurate analysis and planning around capital work;
- continue to implement its financial planning arrangements to address budget gaps, a process which should be underpinned by robust financial budgeting and monitoring arrangements;
- refine its vision in light of the outcome of consultation work through the *Services with Communities* transformation work stream and ensure it focuses its activity most effectively;
- ensure that Elected Members perform their scrutiny role at all times, as appropriate;
- ensure that Elected Members take ownership of their Personal Development Plans, and take advantage of relevant training opportunities; and
- continue to build on the positive elements of community empowerment and explore how it might increase community ownership of local Neighbourhood Plans, and work with communities to improve how they monitor progress against delivery of the Plans.

## **6.0 PERTH AND KINROSS COUNCIL: BEST VALUE ASSURANCE REPORT**

6.1 Perth and Kinross Council's BVAR was published on 22 August 2019. The key areas of focus were:

- the Council's vision and strategic direction;
- performance;
- use of resources;
- partnership working; and
- continuous improvement.

### **6.2 Perth and Kinross Council – Key messages**

Audit Scotland said Perth and Kinross has clear strategic objectives that have remained stable over a period of time. There is strong leadership from both Elected Members and Officers, as well as appropriate levels of challenge and scrutiny. A review of the Council's governance arrangements is currently underway, with a view to streamlining and further improving decision-making.

6.3 The Council has steadily improved since its 2008 Best Value Report; overall, outcomes for the local community are improving.

6.4 Elected Members and Officers are positive about the *Perth and Kinross Offer* – a proposed approach to service design and development co-designed with local citizens and communities. Welcomed by Elected Members and Officers, its aim is to effect a cultural change, from seeing citizens and partners as service users to seeing them as co-creators. While it is still at an early stage, Audit Scotland commended the Council on having the vision to devise the initiative which has the potential to bring about a step-change in the levels of community engagement and the pace of improvement.

6.5 Audit Scotland found Perth and Kinross's financial planning and management arrangements to be robust, including effective monitoring and reporting and medium-term financial planning. While, in common with other Scottish local authorities, the financial

outlook is challenging, Audit Scotland's view is that the Council is well-placed to address its projected funding gaps through savings from its Transformation Programme and Medium-Term Financial Plan. The Council approves a three-year Revenue Budget and Budget Flexibility Scheme which encourages longer-term planning. However, Audit Scotland suggested that Perth and Kinross should consider building on this by developing a longer-term Financial Plan which would cover a five to 10 year period.

- 6.6 Good progress has been made at Perth and Kinross around the provision of online access to services. Audit Scotland noted that the Council is currently reassessing its use of information and technology and plans to update its Digital Strategy, following completion of its digital maturity assessment. Indeed, Perth and Kinross's ambition is to become the most digitally innovative Scottish local authority.
- 6.7 While the Council carries out self-evaluation - and is receptive to third-party evaluation and inspection – Audit Scotland said its self-evaluation could be more explicit about improvement plans. Although performance management information and reporting is used to drive continuous improvement at service level, Audit Scotland suggested that annual public performance reporting should be more balanced. Additionally, more work is required to consistently demonstrate that performance management drives change and improvement.
- 6.8 On a positive note, Audit Scotland said that satisfaction levels with Perth and Kinross's services are higher than the Scottish average. The Council has received a number of positive inspection reports in the last few years and examples exist of services being delivered in innovative ways, making savings and improving outcomes for vulnerable service users.
- 6.9 While Audit Scotland acknowledged that the Council works well with Partners, it also said that the Community Planning Partnership needs to take a more active role in leading partnership working and strategic change.
- 6.10 Historically, relationships between the Council, NHS Tayside and the IJB have been challenging. A new leadership team is now in place and, during the last year, there have been improvements in the effectiveness of working arrangements with the IJB.
- 6.11 While there are good examples of community engagement at service level, Perth and Kinross could do more to involve communities at an earlier stage in strategic planning discussions. The Council should also take steps to better demonstrate the outcome of engagement. However, Audit Scotland noted that the Council is aware that it needs to do more to embed community engagement in the way it and the local community works together.
- 6.12 Perth and Kinross Council – Recommendations

Audit Scotland made a number of recommendations for Perth and Kinross Council, advising that it should:

- maintain the pace of development of the *Perth and Kinross Offer*;
- revise its Digital Strategy;
- consider simplifying arrangements to improve decision-making (as part of the ongoing governance review);
- consistently demonstrate how it uses performance management and reporting to drive continuous improvement;
- take steps to make public performance reporting more transparent, clear and balanced;

- ensure its Annual Performance Report includes ambitious targets and is clear about the reasons for underperformance and planned improvement actions;
- build on its strong financial management and consider developing a longer-term Financial Plan (covering a five to 10 year period), as part of its modernisation agenda;
- ensures its ongoing review of the Community Planning Partnership is wide-ranging and includes the effectiveness of the Community Planning Partnership Board, Outcome Delivery Groups and the Local Action Partnerships; and
- improves how it involves communities, for example, earlier involvement in strategic planning processes, more involvement in budgeting processes and better promotion of The Community Empowerment (Scotland) Act 2015.

## **7.0 STIRLING COUNCIL: BEST VALUE ASSURANCE REPORT**

7.1 Stirling Council's BVAR was published on 25 April 2019. The key areas of focus were:

- the Council's vision and priorities, as developed with Community Planning Partners;
- managing performance, self-evaluation and measuring outcomes;
- planning the use of resources;
- delivering services with Partners; and
- continuous improvement programmes.

### **7.2 Stirling Council – Key messages**

Audit Scotland found that Stirling has a clear strategic vision and a strong sense of collective purpose. The performance of the majority of Council services is above the Scottish average and improving. However, because Stirling has an inconsistent approach to self-evaluation and continuous improvement, it cannot demonstrate that it is achieving all aspects of Best Value. Audit Scotland therefore suggests that a more systematic approach is required.

7.3 Stirling Council's last Best Value Audit was carried out in 2011. Since then, there has been a lack of effective leadership from both Officers and Elected Members around a focus on improvement against priorities. Additionally, progress has been slow on the development of an effective performance management framework. Although performance at Stirling is reported, the Council does not provide its Elected Members or local citizens with a clear summary of performance against all of its priorities or key performance measures. It is therefore encouraging to note that this situation has been acknowledged by the Council and plans are in place to address it this year.

7.4 Audit Scotland noted that there have been a number of structural and personnel changes at Stirling in the last few years, together with the resignation of the previous Chief Executive last Summer. These changes in senior management led to the slowing down of the pace of improvement at the Council, together with a loss of corporate experience, the result of which has been unsettling for some staff. Audit Scotland said that, while Stirling's existing CMT acknowledges this situation and is now operating more effectively, a period of stability is required for the leadership to deliver improvements.

7.5 Audit Scotland found financial management at Stirling to be effective. During the last five years, the Council's budget process approved £38 million of savings while, for the five years to 2023/24, Stirling's medium-term financial plan estimates a cumulative funding gap of £32 million. Audit Scotland said that innovative service reform via transformation programmes will be required to achieve this and secure the sustainability of services.

- 7.6 On a positive note, Audit Scotland commented that Stirling has effective workforce planning arrangements, together with a rolling five-year Workforce Plan 2018/23 that is linked to its Budget and five-year Business Plan 2019/24. This demonstrates the Council's strategic workforce priorities and is monitored by the CMT.
- 7.7 Audit Scotland note that, while evidence exists at Stirling that community engagement influences service delivery, the Council and its Partners have been slow to progress elements of The Community Empowerment (Scotland) Act 2015, including the publication of Locality Plans. However, Stirling is now progressing an action to learn from other local authorities about how it can further improve engagement with local residents.
- 7.8 Partnership working at Stirling is good, including with City Region Deal Partners who are working to boost economic growth. While the Community Planning Partnership (CPP) has a shared plan – known as the *Stirling Plan* – reporting structures require improvement and performance against outcomes needs to be reported. It is worth noting that the Integration Joint Board (IJB) at Stirling is unique in Scotland in that it is the only one that covers three statutory organisations (Stirling and Clackmannanshire Councils, together with NHS Forth Valley) which means that its size and complexity makes decision-making challenging.
- 7.9 There are no potential improvement actions for Inverclyde Council arising from Stirling Council's BVAR.
- 7.10 Stirling Council – Recommendations

Audit Scotland made a number of recommendations for Stirling Council, advising that it should:

- introduce a structured approach to self-evaluation with the aim of delivering continuous improvement;
- refine its Performance Management Framework to identify and prioritise areas for improvement in line with its priorities;
- demonstrate that it uses benchmarking and customer satisfaction information to identify areas for improvement, as well as other Councils that they could discuss best practice with;
- refine the performance reports that are submitted to Elected Members, ensuring that they include key indicators which show performance over time against priorities;
- improve its public performance reporting to show a summary of performance against its business plan objectives;
- identify and agree on actions to increase Elected Members' attendance at training courses;
- consider devising Personal Development Plans for Councillors;
- develop a more regular and structured approach around the engagement and consultation with its employees;
- ensure it carries out a Residents' Satisfaction Survey this year – given that the last one was conducted in 2011 - and thereafter demonstrates how the results are used to inform Council decisions;
- takes steps to immediately approve and publish the three outstanding Locality

Action Plans to help improve outcomes for its most disadvantages areas (and to comply with the requirements of The Community Empowerment [Scotland] Act 2015);

- ensure that the CPP completes its review of reporting structures and reports performance against local outcome indicators; and
- review and report on whether the structure of its 12 Arm's Length External Organisations – which provide a range of services including those around sport, physical activity and healthy living, as well as employability and skills training - remains fit for purpose.

## **8.0 NORTH LANARKSHIRE COUNCIL: BEST VALUE ASSURANCE REPORT**

8.1 North Lanarkshire Council's BVAR was published on 23 May 2019. The key areas of focus were:

- the Council's vision and strategic direction;
- performance;
- use of resources;
- partnership working; and
- continuous improvement.

### **8.2 North Lanarkshire Council – Key messages**

Since its last Best Value Report in 2008, Audit Scotland found that North Lanarkshire has demonstrated improvement in most areas. At present, the Council is experiencing a period of change following the appointment of its new Chief Executive last Autumn. A new vision has been developed for the area which has presented the opportunity to increase the pace of change.

- 8.3 North Lanarkshire's ambitious vision incorporates significant digital, town centre and housing transformation during the long-term. The vision – outlined in *The Plan for North Lanarkshire* – is underpinned by a place-based planning approach which is reflected in the Council's Local Development Plan. Detailed plans are being developed for the vision, which has the support of the Council's employees and Partners.
- 8.4 Audit Scotland note that, while North Lanarkshire has improved performance in three of its five priority areas, the performance of more than 25% of its service indicators is below target. Improvement in educational attainment follows national trends, supported by initiatives such as *Club 365* (which provides free meals and activity-based learning for children during weekends and school holidays), as well as investment from the Scottish Attainment Challenge (SAC). Audit Scotland said there have been recent improvements in performance reporting at North Lanarkshire, adding that a Strategic Performance Framework and reporting schedule are now in place.
- 8.5 While satisfaction levels have declined in some services, Audit Scotland note that they are very good in housing. Progress is being made around the transformation of health and social care at the Council, while investment is also being made in reablement with the aim of sustaining the high levels of care at home for people aged 65 years or over.
- 8.6 Audit Scotland said that North Lanarkshire is well placed to tackle future financial challenges, adding that it has a good medium-term financial plan, low borrowing and a track record of delivering savings.
- 8.7 On a slightly less positive note, while the Council has a workforce strategy – which considers the North Lanarkshire economy and employment as a whole – Audit Scotland note that some of the plans to support it have yet to be finalised.



8.8 On a positive note, Audit Scotland found that North Lanarkshire has a clear focus on partnership working. Additionally, there are a number of good examples of effective engagement across the Council, and a more strategic approach is currently being developed. However, it is noted that progress around Locality Plans – a requirement of The Community Empowerment (Scotland) Act 2015 - has been slow.

8.9 While North Lanarkshire's approach to self-evaluation is good, it needs to ensure that the actions identified in self-evaluation exercises are clear and measurable. Additionally, Audit Scotland note that evidence exists of service reviews and improvements being made to identify efficiencies and improve services.

#### 8.10 North Lanarkshire Council – Recommendations

Audit Scotland made a number of recommendations for North Lanarkshire Council, advising that it should:

- develop revised strategies, policies and plans to deliver the programme of work that underpins its vision, based on its five priorities (*Improve economic opportunities and outcomes; Support all children and young people to realise their full potential; Improve the health and well-being of our communities; Enhance participation, capacity and empowerment across our communities; Improve North Lanarkshire's resource base*);
- implement its recently-approved Performance Management Framework and reporting schedule, with the aim of supporting delivery of *The Plan for North Lanarkshire* and its scrutiny by Elected Members;
- ensure that performance information on its website is kept up-to-date to improve accountability to members of the public;
- investigate and better understand the background to the decline in satisfaction levels, especially for care services, and investigate if it can apply learning from the high satisfaction levels in housing;
- finalise the workforce plans to outline its existing and future workforce requirements and evidence how this supports other strategies;
- complete its planned Investors in People initiative and establish how engagement with its employees will be maintained;
- in conjunction with its Partners, develop Locality Plans for the 16 planning priority areas; and
- include measurable actions and clear deadlines in the improvement plans devised from the self-evaluation exercises.

#### **9.0 POTENTIAL IMPROVEMENT ACTIONS FOR INVERCLYDE COUNCIL**

9.1 There are no potential improvement actions for Inverclyde Council arising from the BVARs on Midlothian and Stirling Councils.

9.2 Audit Scotland commended Perth and Kinross Council on its *Offer* (details of which are included at paragraph 6.4 of this report). Although the initiative is an early stage, Audit Scotland's view is that the *Offer* has the potential to achieve a step-change in the pace of continuous improvement at Perth and Kinross. Inverclyde Council Officers will therefore contact that Council to find out more about its proposed approach to service design and development which will be co-designed with citizens and communities.

9.3 Perth and Kinross Council's ambition is to become the most digitally innovative local

authority in Scotland. As reported to the Policy and Resources Committee last month, we are looking towards new and distinct methods of allowing our customers to interact with Council Services. Inverclyde Council Officers will therefore contact Perth and Kinross to discuss its use of information and technology, together with plans to update its Digital Strategy.

9.4 North Lanarkshire Council's workforce strategy considers the area's economy and employment as a whole. The document has a wide focus when considering workforce requirements and looks beyond the Council's own workforce and considers the workforce of the local area as a whole, in the context of the local economy. Our People and Organisational Development Strategy 2017/20 was approved by the Policy and Resources Committee in 2016 and is currently being refreshed. As the Strategy's focus is exclusively on our workforce, Officers may widen its scope with a view to also considering the future workforce needs of the Inverclyde area.

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## 10.0 IMPLICATIONS

### 10.1 Finance

#### Financial implications:

One off costs

Cost centre	Budget heading	Budget year	Proposed spend this report	Virement from	Other comments
n/a	n/a	n/a	n/a	n/a	n/a

Annually Recurring Costs/(Savings)

Cost centre	Budget heading	With effect from	Annual net impact	Virement from (if applicable)	Other comments
n/a	n/a	n/a	n/a	n/a	n/a

10.2 **Legal:** There are no direct legal implications arising from this report.

10.3 **Human Resources:** There are no direct human resources implications arising from this report.

### 10.4 Equalities

#### Equalities

(a) Has an Equalities Impact Assessment been carried out?

	Yes.
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X	No. This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equalities Impact Assessment is required.
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(b) Fairer Scotland Duty

If this report affects or proposes any major strategic direction:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	Yes. A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	No.

(c) Data Protection

Has a Data Protection Assessment been carried out?

	Yes. This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	No.

## 10.5 Repopulation

Provision of Council Services which are subject to close scrutiny with the aim of delivering continuous improvement for current and potential citizens of Inverclyde support the Council's aims of retaining and enhancing the area's population.

## 11.0 CONSULTATION

11.1 There was no requirement to consult on the contents of this report.

## 12.0 CONCLUSION

12.1 The BVARs on Midlothian, Perth and Kinross, Stirling and North Lanarkshire Councils were published between April and August 2019; the main findings of the documents are summarised in this report. While Inverclyde Council was the first in Scotland to be audited under the new Best Value process, we recognise the importance of keeping abreast of the BVARs of subsequent local authorities to be audited.

## 13.0 LIST OF BACKGROUND PAPERS

13.1 Midlothian Council – BVAR, 4 July 2019.

Perth and Kinross Council – BVAR, 22 August 2019.

Stirling Council – BVAR, 25 April 2019.

North Lanarkshire – BVAR, 23 May 2019.