

The Audit of Best Value and
Community Planning

East Dunbartonshire Council

Best Value follow-up audit 2017

ACCOUNTS COMMISSION 

Prepared by Audit Scotland
November 2017


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

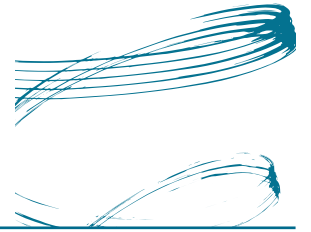
Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents



Commission findings	4
Controller of Audit report	5

Links

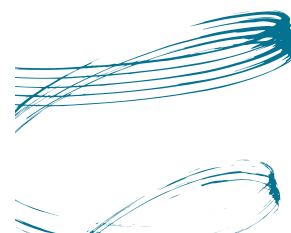
-  PDF download
 -  Web link
-

Commission findings



- 1** The Commission accepts the Controller of Audit's report on follow-up work in relation to the audit of Best Value in East Dunbartonshire Council. We endorse the Controller of Audit's support for the recommendations made by the appointed auditor in the 2016/17 annual audit report of the council.
- 2** We are encouraged by the council's positive response to our findings from December 2016. We commend the council for acting upon the various areas of concern set out in those findings.
- 3** Given the short period of time since our last findings, certain actions remain in progress and the longer-term effect of improvements has yet to be seen. We encourage the council to maintain momentum and continue to demonstrate effective leadership in taking improvements forward. It will be important for the council to assure itself that it has the right capacity to deliver the transformation needed for the challenges that lie ahead.
- 4** We note that progress against improvement actions will be reported through the annual audit and we require the Controller of Audit to update the Commission accordingly.

Controller of Audit report



1. This report updates the Accounts Commission on the council's progress following a previous Best Value follow-up audit report in December 2016. I have prepared this report in response to the Commission's request for an update by the end of 2017. This is my fourth Best Value report on the council in four years.

2. In 2016, the Commission said the following:

- The council has worked to respond to the concerns expressed by the Commission in our previous findings in June 2015. There is better prioritisation of improvement projects and some stronger aspects of workforce planning. Scrutiny of performance by elected members is also improving.
- But we remain concerned that the council does not demonstrate adequate capability to deliver its ambitious transformation programme and thus its ability to address its significant funding gap. Our concern is evidenced by failure to meet targets and lack of clarity about the savings to be achieved.
- More competent programme management is essential to ensure public confidence in the council's approach to managing change.
- Workforce planning needs to improve further, with a workforce plan that is better integrated to the transformation programme, ensuring that the skills needed to achieve the programme will be available and the targeted savings are monitored and achieved.
- Member scrutiny must also improve further. Members need to set the priorities of scrutiny and determine the quantity and content of information they require to fulfil their responsibilities.
- The Commission needs the council to demonstrate effective leadership in ensuring the required change. We will continue our interest in the council and require the Controller of Audit to update us by the end of 2017 through the annual audit and in our revised approach to auditing Best Value.

3. Follow-up audit work on Best Value at the council has been integrated with the annual audit. Conclusions from this audit work are reported in the [East Dunbartonshire Council 2016/17 Annual Audit Report](#) (AAR).

4. The auditor also presented the AAR to the council's Audit and Risk Committee meeting on 26 September 2017. The auditor issued the 2016/17 AAR to the council officers and to me as Controller of Audit in mid September. The council is now progressing a number of improvement actions in response to audit recommendations made in the AAR (see [page 42](#) of the AAR for details).

5. The conclusions reported in the AAR provide the basis for this report, which focuses on the main areas highlighted by the Commission in December 2016. I have cross-referenced the relevant paragraphs of the AAR throughout this report.

6. My report is structured in five parts:

- the council's response to the December 2016 Best Value follow-up report
- the council's transformation programme
- the council's workforce planning
- elected member scrutiny
- leadership of change.

The council has responded positively to the Accounts Commission's December 2016 findings

7. The council initially considered the December 2016 Best Value follow-up report at a special meeting in March 2017. At this meeting, the council accepted all of the recommendations made by the Accounts Commission and approved the council's Best Value Improvement Plan. This sets out at a high level how the council will address each of the Commission's findings. The council monitors progress against its plan using its performance management system, which contains more detailed improvement tasks and timescales to support the high-level plan.

8. Following the local government elections in May 2017, the administration of the council changed from a Labour/Conservative coalition minority administration to a minority Scottish National Party administration. In addition, the size of the council reduced from 24 to 22 elected members and it experienced a large turnover in its councillors, with 13 councillors being newly elected. This has influenced the council's activities and priorities over the past year.

9. The council is demonstrating progress in improving its Best Value arrangements. It has responded positively to the key findings in the 2016 report, as outlined in [paragraphs 143 to 148](#) of the AAR. It has made satisfactory progress against a plan of improvement, in line with expectations given the short time period since December 2016. Where it is too soon to evaluate the effectiveness of these actions, auditors will include an assessment of their impact in the 2017/18 AAR.

Progress in delivering the transformation programme has improved

10. In December 2016, the Commission said that the council needed to demonstrate more competent management of its transformation programme, to address its significant funding gap and to ensure public confidence in the council's approach to managing change. It has been effective in leading improvements in the delivery of the transformation programme. The council's transformation programme is covered in [paragraphs 46 to 51](#) and [paragraphs 80 to 86](#) of the AAR. [Part 2](#) and [part 3](#) of the AAR cover its financial position.

11. The council has completed the majority of the projects in its 2016/17 transformation programme. However, progress reports to members on the

transformation programme did not show what benefits were achieved. Its priority projects with the largest potential savings were not achieved. These projects were procurement and a review of terms and conditions with anticipated in-year savings of £2.1 million and £1.273 million respectively.

12. The council took a decision during its budget-setting meeting in February 2017 to defer implementation of changes to some staff terms and conditions until 2017/18.

13. The council recognised that it was not going to achieve £2.1 million savings from procurement in 2016/17. It decided not to focus on procurement as a standalone project and is now integrating procurement savings into other projects. To improve accountability, revised savings levels on the above two projects are now reflected in 2017/18 service budgets. This is a positive change, showing a clearer picture of progress in achieving savings.

14. The council has recently reported good progress on projects in its 2017/18 transformation programme and these projects should lead to financial and other benefits in 2017/18 and beyond.

15. I have previously recommended that the benefits achieved on projects should be reported more clearly. This recommendation is restated in the 2016/17 AAR. The council has subsequently updated the format of transformation progress reports and will continue to improve the information it provides to members on the projected benefits of transformation projects and those actually achieved. This was the focus of an elected member seminar on 31 October 2017. The auditor will report an update in the 2017/18 AAR.

16. The council's transformation programme is part of its strategic planning and performance framework for meeting future funding gaps. The auditor has reported a positive picture on the council's financial management and its financial position at March 2017.

17. Financial management is effective with a budget-setting process focused on the council's priorities. Internal controls over the main financial systems operated effectively in 2016/17 and no significant internal controls weaknesses were identified. This is an improvement from 2016/17 where some weaknesses were reported.

18. The council has delivered services in line with the total budget. In 2016/17, unrealised efficiency savings have been offset by underspends in some service areas.

19. The council acknowledges that there are a number of budget lines that need to be reviewed to ensure that future budgets reflect the underlying cost of the services. In August 2017, the Transformation Programme Board agreed that a zero based budgeting (ZBB) exercise is to be included in the transformation programme. ZBB is being piloted in preparing 2018/19 budgets, and the auditor will report on progress next year.

20. In July 2016, the council appointed a new chief finance officer. While this is a third tier post reporting to the depute chief executive, the chief finance officer is a member of the strategic management team and regularly attends corporate management team meetings. Since his appointment; the council has restructured its finance team and recruitment is ongoing to strengthen the team. This is a positive move to ensure the team has the skills and capacity required to support the council's needs in times of financial pressure.

21. Following the election, the council is working on revised strategic priorities. How effectively these are reflected in the council's financial and operational plans and performance monitoring will be reviewed as part of next year's audit.

22. The 2017/18 budget was set at £246.9 million, with a funding gap of £12.5 million; £11.5 million is to be met from efficiency and income generation proposals, and £1 million from reserves. The latest monitoring report shows a projected overspend of £0.402 million.

23. The auditor concludes that the council's financial position is sustainable in the foreseeable future. The council is now developing longer-term financial plans beyond 2018/19 which should demonstrate how it will address future budget challenges. It will be important for councillors to continue to work together to make decisions on service priorities, to secure financial sustainability in the longer term.

24. The 2017/18 financial position and progress with the long-term financial planning will be reported in the 2017/18 AAR.

The council is strengthening its approach to workforce planning

25. In December 2016, the Commission said that the council needed to improve its workforce planning further. This included developing a workforce plan that set out the council's aims and objectives for its workforce and forecasts the size and skills of its workforce to deliver its strategic priorities.

26. In June 2017, the council approved an updated workforce strategy for 2017/18. This strategy demonstrates an improved approach to workforce planning. It includes a profile of the workforce at 31 March 2017, including numbers of staff, age profile, length of service and turnover analyses. Work on succession planning is also being carried out. Detailed workforce plans are now being developed.

27. In its workforce strategy, the council also sets out a phased approach to developing a three-year workforce and skill profile covering 2018 to 2021. It plans to report progress on this to members in December 2017. It also plans to present a longer-term workforce plan to members in June 2018. The council's approach to workforce planning is covered in [paragraphs 96 to 105](#) of the AAR. An updated position will be reported in the 2017/18 AAR.

The council has improved support to members in their scrutiny roles

28. In December 2016, the Accounts Commission said that elected member scrutiny must improve further. Members need to set the priorities for scrutiny and determine the quantity and content of information they require to fulfil their responsibilities.

29. The council has effective governance structures in place and is open and transparent in the way that it conducts its main business. It has improved support to members in their scrutiny roles, most notably by improving the reports it provides to them. From September 2017, the format of reports to members has been improved to make them easier to follow and to make the recommendations to members much clearer. Relevant officers are also scheduled to attend report writing training that will include the use of plain language to ensure reports are presented as clearly as possible. The council's progress in improving scrutiny is covered in [paragraphs 116 to 122](#) of the AAR.

30. Because of the significant changes to the members elected to the council in the local government elections in May 2017, it is too early to assess the effectiveness of member scrutiny in driving improvement. Effective scrutiny will be increasingly important going forward as the challenges the council faces increase.

The council is leading improvement more effectively

31. The council regularly monitors progress on its response to each of the Accounts Commission's findings from 2016. For example, in June 2017, elected members received progress reports covering the workforce strategy and transformation programme.

32. The council agreed its Transformational Change and Budget Reduction Strategy for 2017/18 in February 2017. Through the Transformation Programme Board, chaired by the chief executive, and attended by the senior management team, senior officers have improved the management and delivery of the transformation programme in the short time period since December 2016. Leadership of the council's improvement plans is covered in [paragraphs 149 to 152](#) of the AAR.


Conclusions and recommendations

33. The council has demonstrated that it responded positively to the Accounts Commission's December 2016 findings. The leadership of its change programme has improved. It has progressed a plan of improvement actions at a satisfactory pace, in line with expectations given the short time period since December 2016 and the impact of the local government elections.

34. Improvement actions cover all key findings in the previous report, although the impact of actions to date varies:

- Some actions have led to immediate improvements in the council, eg better progress in completing transformation projects.
- Some are ongoing projects, such as the development of comprehensive workforce plans.
- In other cases, the 2017 elections have meant that the impact of changes is still to be demonstrated, eg the scrutiny arrangements under the new council are still to be bed in and it is too early to evaluate their effectiveness.

35. Where the impact of the improvement actions is still to be demonstrated by the council, the auditor will report a further update in the 2017/18 AAR.

36. The [East Dunbartonshire Council 2016/17 Annual Audit Report](#)  contains a number of recommendations for the council, some of which directly address areas of interest to the Commission ([pages 42 to 44](#)), and which I support, as Controller of Audit. The auditor will report the council's progress on these actions in the 2017/18 AAR.

East Dunbartonshire Council

Best Value follow-up audit 2017

This report is available in PDF and RTF formats,
along with a podcast summary at:

www.audit-scotland.gov.uk 

If you require this publication in an alternative
format and/or language, please contact us to
discuss your needs: 0131 625 1500

or info@audit-scotland.gov.uk 

For the latest news, reports
and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

T: 0131 625 1500 E: info@audit-scotland.gov.uk 

www.audit-scotland.gov.uk 

ISBN 978 1 911494 41 6