
Report to Scrutiny Committee

Date: 13th January 2010

Subject: Best Value and Community Planning Follow Up Review

Report by: Accountancy Manager

1.0 Purpose

- 1.1. This report brings to the Council the report by our external auditors Grant Thornton on their follow up review of the Councils Best Value and Community Planning arrangements. This is included as an Appendix to this report.

2.0 Recommendations

- 2.1. That the Council notes the content of the external audit report and agree the management response to the action plan issues.

3.0 Considerations

- 3.1. Our external auditors, Grant Thornton, have produced this report following their review of Clackmannanshire Council's arrangements to deliver Best Value and Community Planning. It should be noted that this is likely to be the last report presented independently in relation to Best Value as the auditors mention within their introductory paragraph at 1.1. This is only a follow-up report on Best Value arrangements and not a Best Value 2 report.
- 3.2 The report recognises the significant change programme introduced since the Chief Executives appointment in 2009. The report also highlights the challenges facing the Council in the current economic climate and levels of budget savings required to be found by 2013-14.
- 3.3 Four recommendations have been made which are listed in the Action Plan, and managements draft response is included. Grant Thornton will be following up this report and the progress made on the recommendations agreed in due course.
- 3.4 It is the intention of Grant Thornton to attend this Committee meeting to give members the opportunity to ask questions on their report.

4.0 Sustainability Implications

4.1. N/A.

5.0 Resource Implications

5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

5.3. *Staffing - none*

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008 - 2011** (Please tick)

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

- 9.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ✓

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

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11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No ✓

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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Clackmannanshire Council

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1 Key Messages

Introduction

- 1.1 This report summarises the findings of our 2009-10 follow up review of Clackmannanshire Council's arrangements to deliver Best Value and Community Planning. Under the National Scrutiny Plan for Local Government 2010-11, Scotland's scrutiny agencies work together to develop a shared risk assessment and Assurance and Improvement Plan (AIP) for each council area. We have followed up the progress made by the Council, both in addressing the improvement agenda and against specific areas of risk or uncertainty identified by scrutiny partners. Any further work on Best Value in future years will be determined by the updated risk assessment and Assurance and Improvement Plan for 2010-11, due in April 2011.
- 1.2 The impact of the economic recession, changing external scrutiny landscape and need to deliver increased efficiencies, means that it is more important than ever that the Council can demonstrate Best Value in its activities.

Overall Conclusions

- 1.3 The Council has undertaken a significant programme of change since the appointment of the Chief Executive in 2009. Key improvements, such as the development of workforce management and leadership development practices, have led to a major management restructure and efficiency improvement programme. The implementation of the Public Service Improvement Framework (PSIF) has been accelerated, and Clackmannanshire is now the first Council in Scotland to review all of its service areas under the PSIF model. This approach will allow the Council to demonstrate that it is delivering quality services, and mean that it should be well-placed to meet future scrutiny requirements.
- 1.4 The Council currently estimates that it requires to make budget savings of £18 million (around 10% of the current net cost of services) by 2013-14 to meet the predicted cuts in public sector funding. A number of strategies have been developed to achieve these savings, including a programme of voluntary redundancies and a review of current service design and delivery. A programme of option appraisals is being developed to ensure that services continue to be as competitive as possible. Other options, such as joint working and shared services, will also be key to delivering the Council's objectives within the current financial climate.
- 1.5 Elected members continue to play a key role in determining how resources are aligned to meet local needs. Revised working arrangements including Alternative Service Delivery Groups, and a series of member briefings relating to the budget strategy, help to support the change agenda. The Council is also examining options for future service restructuring and has recently announced plans for shared service arrangements with Stirling Council.

The Way Forward

- 1.6 It is the responsibility of management to determine the system of best value that is most appropriate to the Council. The Council is currently undergoing a significant level of change as it takes forward its improvement agenda and we are satisfied that the Council is taking action across the key areas for improvement identified by Audit Scotland, and the scrutiny partners' Assurance and Improvement Plan.

Acknowledgements

- 1.7 We would like to take this opportunity to thank the staff who have been involved in the 2009-10 audit for their assistance and co-operation.

- 1.8 This report is part of a continuing dialogue between the Council and Grant Thornton and is not, therefore, intended to cover every matter which came to our attention. Our procedures are designed to support our audit opinion and they cannot be expected to identify all weaknesses or inefficiencies in the Council's systems and work practices.
- 1.9 The report is not intended for use by third parties and we do not accept responsibility for any reliance that third parties may place on it.

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December 2010

2 Findings in 2009-10

Background and Scope

- 2.1 The Local Government in Scotland Act 2003 established best value and community planning as statutory duties for local authorities. The Accounts Commission published the first report on the audit of Best Value and Community Planning at the Council in September 2007. The Commission found that the Council needed to improve a number of aspects of its corporate activity, including effective leadership by elected members, sharper prioritisation and clearer articulation of the vision for the area and adopting political structures that give clarity on roles and responsibilities.
- 2.2 During 2009-10, the Accounts Commission developed a new "Best Value 2" (BV2) approach, which introduces a risk-based and proportionate approach to the audit. The framework is based on:
 - strong baselines
 - robust measures of performance
 - challenging targets
 - comparability with others.
- 2.3 The new framework will also assess mechanisms and levels of public engagement achieved to date. The new approach will be rolled out across all 32 councils in Scotland. The timing of Clackmannanshire Council's inspection will be determined by the shared risk assessment agreed by external audit and inspection bodies.
- 2.4 Under the National Scrutiny Plan for Local Government 2010-11, Scotland's scrutiny agencies work together through a Local Area Network (LAN) to develop a shared risk assessment and Assurance and Improvement Plan (AIP) for each council area. As part of our 2009-10 audit, we have followed up the progress made by the Council, both in addressing the improvement agenda and against specific areas of risk or uncertainty identified by scrutiny partners, including:
 - managing people
 - competitiveness
 - identifying savings to deliver a stable financial position.
- 2.5 Our findings will inform the shared risk assessment and AIP for 2010-11. This report therefore sets out:
 - an evaluation of progress against the improvement agenda
 - an assessment of the prospects for future improvement.

Key Findings from the Shared Risk Assessment

2.6 The LAN's assessment of the Council was largely positive, and the level of proposed scrutiny activity is therefore minimal. In particular, the Council has made good progress in performance management and in responding to a particularly acute financial challenge. The Council's Clackmannanshire Improvement Model provides a clear framework for performance improvement and self-evaluation to date has been honest and evidence-based.

Setting a clear direction

2.7 In February 2009, the Council appointed a new Chief Executive. Scrutiny partners noted that this has led to a marked increase in the pace of change and a renewed focus on best value and performance management. The Chief Executive has set a clear programme for change within the Council, known as "Growing in Excellence". This recognises that as financial pressures grow there is a need to become increasingly efficient and effective, and that this means focusing on a smaller number of clear priorities. A number of Delivery Teams were created, and led by the Director Group, to consider Council strategy on key areas for organisational development:

Figure 1: Delivery Teams

- Customer Service Strategy
- People Strategy
- ICT Strategy
- Leisure Strategy
- Asset Management Planning
- Economic Development Plan
- Older People Strategy
- Early Years
- Homelessness
- Shared Information

Source: Clackmannanshire Council

2.8 Four of the Delivery Teams formally reported to Council in late 2009, leading to the approval of four all-council strategies covering Finance, Customer Service, People and ICT. A series of member briefings were held to inform elected members about the strategies. A Leisure Management Strategy was developed and approved, but to date this has focused on asset management rather than how the service will be delivered. The Council has also recently approved an Asset Management Plan. Delivery Teams are continuing to meet to take forward these key strategic issues. The Council may also benefit from using the Improvement Network's Finance Improvement Toolkit¹ to self-assess the Council's strengths and weaknesses in tackling the financial challenge of an ageing population.

Refer to Action Plan Point 1

Responding to the Financial Position

2.9 Like the rest of the public sector in Scotland, Clackmannanshire Council faces significant budget cuts over the next three years. The AIP also recognises that the Council must also meet the challenge of a changing population. Until recently, Clackmannanshire's 0-15 year old population was expected to decline at a sharper rate than the national average. However, successful strategies to attract new families into the area mean that the number of

¹ The toolkit is available on the Improvement Network website at <http://www.improvementnetwork.gov.uk>

children below the age of 16 is now expected to increase by 16.7% by 2033 (nationally this is expected to decline by 1.5 per cent). In Clackmannanshire, the population over the age of 65 is also expected to increase by 85.8%. The Council also encompasses areas of significant deprivation and health inequalities mean.

- 2.10 To date, all services have produced initial savings plans which allowed the delivery of a balanced budget for 2009-10, including a contribution of £1 million towards unearmarked reserves. This was a significant achievement in light of the budget pressures announced in November 2009. A review of the management structure led to the reduction of Chief Officer posts from 11 to 6. Progress has also been made in developing workforce strategies to support a reduction in staff numbers, currently being managed by carrying vacancies.
- 2.11 The Council has also recently approved a framework for the Budget Strategy. This estimates that the Council require a corporate savings target of £18 million by 2013/14. The proposed budget strategy is based on:
- reducing expenditure
 - increasing income
 - redesigning service provision
 - other initiatives such as procurement and integrated partnerships.
- 2.12 The Council is developing a programme of option appraisals based on areas identified during engagement with staff, managers and the public. Option appraisals will be held in tandem with a series of Budget Review and Challenge days, to scrutinise current levels of spending ahead of budget discussions in the new year. Any savings identified that require a change in policy will be presented to the Council for approval.
- 2.13 The Council and its community planning partners have recognised that, in times of significant financial challenge, setting clear locally-determined priorities will be key to delivering the budget strategy in a way that best meets the needs of service users. Clackmannanshire Alliance partners used an away day to further prioritise services within the nine existing priority outcomes contained in the Single Outcome Agreement (SOA). The Alliance will shortly publish a revised Community Plan in line with the revised priority ratings.

Refer to Action Plan Point 2

Political structures

- 2.14 The Council operates a streamlined committee structure, commensurate with the size of the authority. The key line of accountability for council services is four Portfolio Holders, who are appointed members of the Administration. The Scrutiny Committee, chaired by a member of the Opposition, is also in place which fulfils the dual roles of both policy scrutiny and the audit committee function. Working Groups were established to allow service staff, senior management and elected members to develop policy on specific policy areas: Leisure Services, Childcare and Facilities for Children aged 3 - 12 and Asset Management.
- 2.15 Some of the Delivery Teams established under the "growing in excellence" agenda considered the same areas as previously covered by Working Groups. Although there was initial enthusiasm for the Working Groups on all sides, the Council was unable to find consensus, particularly on the Leisure Services Group.

- 2.16 In its *Making an Impact* report, Audit Scotland found that councils with the best political leadership were able to work together for the good of the area as a whole. In light of the financial position, there is now a need for all elected members to contribute to policy development, while maintaining transparency of decision making processes.
- 2.17 We understand that the Council has recently established Alternative Service Delivery Groups to work on policy development. All elected members have been invited to attend the groups, which will allow the Council to focus on priorities when assessing option appraisals. A series of member briefings have also been held to ensure that members are aware of any key issues in advance of budget decisions.
- 2.18 Although the reporting framework has been agreed, we noted some confusion around accountability for service performance. The Administration has appointed four members as Portfolio Holders for Inclusion, Sustainability, Partnership and Regeneration. However, unlike other Councils who have adopted this role, the Council does not operate a cabinet or executive style committee and the Portfolio Holders do not have delegated authority to take decisions. There is, therefore, scope to make this role more transparent to enhance overall accountability.
- 2.19 The Scrutiny Committee has a high-level role to play in terms of monitoring the Council's performance in tackling corporate priorities, managing risk, ensuring effective governance arrangements are in place, and ensuring it is delivering Best Value. The Committee began a facilitated self-review of its performance in October 2010. The Committee is taking this opportunity to assess whether their current role and remit supports effective working and transparent scrutiny. We understand that the findings of the review will be presented to the Scrutiny Committee early in 2011.

Refer to Action Plan Point 3

Budget Engagement

- 2.20 The Council has recently commenced a community engagement exercise to inform the Budget Strategy. A questionnaire with accompanying booklet has been prepared and information stands have been held at local supermarkets to get a sense of relative priorities for the public. This will be followed by a series of public meetings. Although the Council has not given the public specific choices, they are trying to engage on more fundamental questions about what the council is there to do.
- 2.21 A number of workshops have also been held with staff, partly to keep them informed but equally, to help identify further areas of efficiency for the 2010-11 budget and beyond. Historically, the Council has taken an incremental approach to budgeting, largely basing future budgets on doing the same things with an adjustment for specific policies and for inflation. We do, however, note that the Council hope to adopt a formal budget carry forward scheme to provide greater flexibility in managing savings requirements. The Budget Strategy recognises that the Council must first improve corporate budget monitoring arrangements and information collation.

Clackmannanshire Improvement Model

- 2.22 One of the key building blocks for future improvement identified by the LAN was the implementation of the Public Services Improvement Framework (PSIF). PSIF is the first part in the Clackmannanshire Improvement Model (CIM). The CIM is the Council's approach to delivering the Chief Executive's vision of "growing in excellence" by establishing a baseline of performance using self assessment. All services will also be expected to meet the Customer Service Excellence Framework and achieve Investors in People status.

- 2.23 PSIF has been used to self-assess all 25 council services, making Clackmannanshire Council the first council in Scotland to achieve full coverage. Findings from the PSIF reviews completed to date have been very honest and evidence-based. A number of common areas for development have been highlighted including:
- insufficient data on staff perceptions of quality, customer perceptions and perceptions of the wider community
 - staff are sometimes unclear about how the work they do fits into wider service or Council objectives, and the deployment of the Performance Review and Development process is variable from service to service
 - workforce planning and the approach to sustainability and equalities are not embedded in many service planning arrangements the use of option appraisal is not systematically embedded in some service planning and performance management arrangements
 - approaches to continuous improvement, innovation and improvement are not clearly defined or systematically deployed..
- 2.24 The Council's Strategy and Performance Team is tasked both with helping services undertake the self-assessment exercise, and with helping them to implement improvement action plans to address weaknesses. Standard intervention packages have been developed to ensure that key corporate strategies are embedded and driven forward. Crucially, the intervention package includes full option appraisal where services cannot demonstrate that they are performing well against similar services or achieving continuous improvement.
- 2.25 It is too early to assess the success or impact of option appraisals as few services have undertaken full assessment to date. This will be an area for development over the next year to ensure that the Council can demonstrate competitiveness in its activities. The Council currently operates two Significant Trading Organisations, but these arrangements have not been subject to review for some time. There may therefore be scope to review STO arrangements, to ensure that performance is measured on outcomes, in line with other council services.

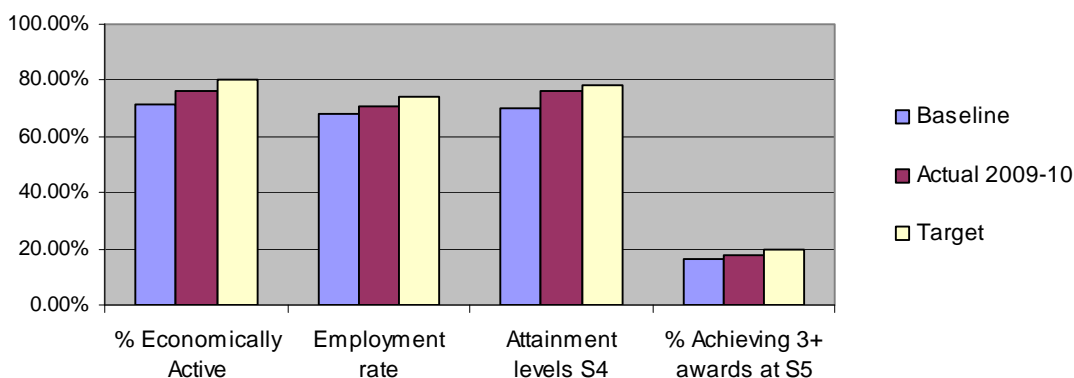
Refer to Action Plan Point 4

- 2.26 We understand that the PSIF self-assessment process is likely to be repeated every two years to ensure that services continue to improve.

Performance Management and Reporting

- 2.27 The Council has approved a Performance Reporting and Monitoring process which is aligned and integrated from the priority outcomes set out in the Single Outcome Agreement.
- 2.28 Performance against the SOA and Corporate Plan are reported to Clackmannanshire Alliance and the Council's Scrutiny Committee on an annual basis. The current draft SOA progress report shows a predominantly positive direction of travel against the Alliance's priorities, despite the impact of the economic recession. Figure 3 highlights some of the key achievements in 2009-10.

Figure 3: The Alliance is making good progress against SOA Targets



Source: Draft SOA Progress Report, Clackmannanshire Alliance, September 2010

- 2.29 Corporate Management Performance Indicators describe progress against the council's priority outcomes. Following the CIM self-assessments, all services are developing efficiency indicators to help the Council understand its costs relative to other providers and authorities.
- 2.30 Services are required to report on a range of prescribed performance indicators for key areas of corporate development, such customer satisfaction levels, performance against service standards and employee satisfaction. A key aim is to begin to produce unit cost information for services. The Council has recently procured the Covelant performance information system to assist with performance management and reporting. This will also provide a direct link to risk identification and management.
- 2.31 The Council has also developed its approach to public performance reporting. Consultation with the Clacks 1000 panel confirmed that the public like to receive performance information in a narrative, newspaper style. The Council therefore try to channel as much performance information as possible via this route, using *The View*. The View is sent to every household in Clackmannanshire on a quarterly basis. The information is published in themes reflecting Council priorities:
- Young people and families
 - People of working age
 - Older people
 - Quality of Life.
- 2.32 The performance information includes details of relevant scrutiny activity. Limited use is made of trend or comparative analysis, but the View points to the website for more detailed performance information. The September issue features an insert on performance against the Single Outcome Agreement.

Managing People

- 2.33 In its shared risk assessment, the LAN note concerns around the development of arrangements for managing people. However, during the year, the Council Management Team has taken a number of steps to ensure that staff are kept informed of developments such as the reconfiguration of structures and opportunities for voluntary severance. This has included *Talk About Ye* sessions, where the Director Group visit council office locations to provide an update and answer any questions from staff. Updates are provided in the staff

newsletter, Grapevine and on the intranet site, COIN. The Council has also developed a formal cascade programme where managers throughout the council are asked to discuss key issues with their team and feedback comments and issues arising centrally. Past topics have included the budget cuts, the impact of the management restructure and how to share information more effectively.

- 2.34 The Council has acknowledged that more needs to be done on workforce planning and development, but this is one of the areas covered by the CIM's standard intervention packages. Evidence from a recent employee survey, however, suggests that staff are showing great resilience throughout the changes. 93% of those surveyed understand how their work contributes to both their team aims and objectives, and to the Council's performance overall. Staff generally felt they had the opportunity to discuss their learning and development needs, and 45% said they noticed improvement in the way they are managed by their line manager. However, 29% of staff surveyed said they didn't know which service they now work in, and this appeared to affect how positive they felt about their work. The Council therefore still has some work to do to promote and explain the revised corporate structure. The Council has plans in place to address these issues and the PRD process now forms one of the tools and measures of the Clackmannanshire Improvement Model.

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December 2010

A Action Plan

Rec. No.	Para Ref	Recommendation	Council response	Implementation date and responsibility
1	2.8	The Council should consider using the Network's Finance Improvement Toolkit to self-assess the Council's strengths and weaknesses in tackling the financial challenge of an ageing population	Agreed. Finance & Corporate Services are working on reviewing the budget challenges of an ageing population in conjunction with Directors Group and Social Policy. Utilising the toolkit will be considered to assist with this review	June 2011 Director of Finance and Corporate Services
2	2.13	The Council should ensure that elected members remain up to date with the work of Clackmannanshire Alliance, including the setting and agreeing strategic priorities and monitoring performance.	We will continue to regularly update and brief members with strategic priorities and performance issues as is current practice.	
3	2.19	The review of Scrutiny Committee arrangements should consider how the Council demonstrates accountability for service performance in the future.	Agreed. Will be incorporated within current review of arrangements, assisted by implementation of Covalent	March 2011 Director of Finance and Corporate Services
4	2.25	The Council's arrangements for Significant Trading Organisations should be reviewed to ensure that performance is measured by outcomes, in line with other Council services.	Agreed	June 2011 Head of Facilities Management



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