

REPORT TO: AUDIT & PERFORMANCE COMMITTEE – 3 MARCH 2010

SUBJECT: BEST VALUE 2 (BV2) AUDIT

BY: CHIEF EXECUTIVE

1. REASON FOR REPORT

1.1 Audit & Performance Committee are asked to consider the progress to date against the requirement of the Best Value 2 (BV2) Audit.

2. RECOMMENDATION

2.1 The Audit & Performance Committee are asked to scrutinise the performance to date on the Best Value 2 (BV2) audit.

3. Provide a brief introduction to the project / area of work / strategy

3.1 Following the publication of the Crerar report in September 2007, the Scottish Government's response stated its aim of establishing a simplified and coherent approach to delivering local government scrutiny. A key aspect of this agenda is to better coordinate and streamline scrutiny and achieve greater effectiveness, whilst at the same time protecting the independence of scrutiny bodies. To address these aims, the Scottish Government put in place a number of initiatives including:

- establishing the Scrutiny Improvement Programme Board to oversee the Scottish Government's response;
- setting up five fixed term thematic action groups (Reducing Burdens, Accountability and Governance, User Focus, Complaints Handling and Policy and Approaches); and
- announcing restructuring plans for scrutiny bodies in November 2008.

3.2 In February 2008, the Accounts Commission was asked to take on the transitional gate keeping role in respect of the scrutiny of local government. The local government scrutiny coordination strategic group was established to set priorities and oversee development activity. The following key priorities were subsequently agreed:

- Improving the planning and scheduling of scrutiny activity.
- Developing a single corporate assessment.
- Implementing a shared risk assessment framework.

- 3.3 The strategic group established an operational group to carry out the necessary detailed work in respect of these priorities. The group is made of representatives from Her Majesty's Inspectorate of Education (HMIE), Social Work Inspection Agency (SWIA), Scottish Housing Regulator (SHR), the Care Commission, Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) and NHS Quality Improvement Scotland (NHS QIS).
- 3.4 During 2009 the Accounts Commission moved on from using the existing separate systems within individual scrutiny bodies to establish new joint arrangements for the longer term. The key features of the transitional arrangements for 2009 were:
- Develop a joint scrutiny schedule for 2009/10.
 - Test the shared risk assessment framework at five BV2 Pathfinder councils (Angus Council, Dundee City Council, East Ayrshire Council, Highland Council, and Scottish Borders Council) and two additional Development Site councils (Fife Council and West Dunbartonshire Council).
 - Establish an ongoing joint local scrutiny presence by setting up local networks of all relevant scrutiny bodies that will provide the local information and intelligence to inform the shared risk assessment in the future.
 - Engage BV2 Pathfinder and Development Site councils in developing their approach by holding regular feedback meetings.
- 3.5 By December 2009 progress in improving the external scrutiny of local government focused on the following themes:
- establishment of Local Area Networks (LANs);
 - draft Joint Code of Practice; and
 - evaluation activity.
- 3.7 Local Area Networks (LANs) have been established to carry out a Shared Risk Assessment for each of the 32 councils, formally bringing together existing local scrutiny contacts such as district inspectors, local auditors, and contact managers for the first time.
- 3.8 The strategic group approved a draft Joint Code of Practice which will provide the governance framework for scrutiny improvement work in future. The Code is supplemented by practitioner guidance for LAN members. The process of developing the Code has enabled the agreement of the principles underlying this work, and to clarify the key roles and responsibilities of each of the scrutiny bodies involved.

4. What was the objective of the project / area of work / strategy

- 4.1 These arrangements mark a fundamental shift away from scrutiny based on standard inspections undertaken on a cycle except where there is a high risk. For instance, Ministers have requested a second cycle of child protection inspection because of the variability in performance across the first cycle.
- 4.2 The aim is a programme of scrutiny which is risk-based and proportionate and will have Best Value 2 as the single corporate assessment. Councils will be able

to see well in advance what scrutiny activity they can expect. Scrutiny bodies will be working together more closely 'behind the scenes' to draw down, share and interpret information so that on-site activity in councils will reduce.

- 4.3 It is expected that Councils will develop systems to demonstrate how well their corporate processes are working, how well they are performing in achieving their corporate objectives and whether their services represent value for money in terms of cost and quality. They also need to have information to show how they are meeting their statutory duty of best value in terms of continuous improvement, having regard to sustainability and equal opportunities.
- 4.4 The shared risk assessment process will not require councils to carry out any specific activity or produce any specific information to support the process. However councils will be asked to provide performance information from their self evaluation processes. Councils will also have to provide supporting evidence to go with their self evaluation.
- 4.5 The decision on the level of external scrutiny at each council will be based on more than just the self evaluation from the council. Scrutiny staff with local knowledge of each council will meet regularly and consider information from annual audit work, from previous inspections and best value audits and statistical data from other sources, such as the Scottish Government. They will look at how the totality of the information stacks up and how coherent a picture it presents.
- 4.6 The local joint scrutiny schedule outlines the scrutiny activity at individual council level. These 32 individual local schedules are then brought together and subjected to a final moderation processes to ensure the risk assessments and proposed scrutiny response are consistent across the range of local authorities. The moderated plans are then brought together into a national schedule which takes account of the capacity available to deliver the plans and any further efficiencies which might emerge through, for instance, taking a national approach to a specific area of concern.

5. What timescales applied

- 5.1 As stated earlier Local Area Networks (LANs) were established for all Council. The membership of the Moray LAN is:
 - SWIA - Richard Fowles, Lead
 - Audit Services – Maggie Bruce
 - BV portfolio manager – Carol Calder
 - HMle – Anne Park and Kevin Mitchell
 - SHR – Lesley Kerr
 - Care Commission – Andrew Somerville
 - NHS QIS – Kerry Walsh

- 5.2 On 15 December Richard Fowles gave a presentation at Policy and Resources Committee on the process surrounding the Local Area Network (LAN) and the Shared Risk Assessment (SRA) and Assurance and Improvement Plan (AIP).
- 5.3 Following the presentation the LAN asked for a report on the council's own self evaluation activity for consideration as part of the SRA. The self evaluation should highlight what the council routinely uses to monitor service delivery and performance with a short introduction on our performance management framework. A copy of our submission is attached (**Appendix**).
- 5.4 In January and February the Moray LAN met to discuss their findings to inform the development of the Shared Risk Assessment and contents for the draft Assurance and Improvement Plan (AIP). They are currently still collecting information to inform their AIP.
- 5.5 The next stage is that each LAN will produce a local Assurance and Improvement Plan for its council, setting out planned scrutiny activity for the period from April 2010 to March 2013. The first AIPs should be finalised by April 2010. The risk assessment will be updated annually to ensure that it accurately reflects emerging local issues and national priorities.

6. Did we complete the objective or is progress against the objective remaining within expected timescales, providing reasons for slippage and details of subsequent resulting actions

- 6.1 To date the Council has only been asked to provide a submission to the Moray LAN on our self evaluation processes. This was submitted in December by the deadline.
- 6.2 At the moment there are no other outstanding actions to be taken to meet our requirements. However a number of ongoing developments have taken place or are planned to be undertaken as part of the Moray Performs agenda in relation to BV2. A copy of the Moray Performs Action Plan was circulated to Members following the last meeting of Audit and Performance Review Committee. These areas are:-
- Produce a Corporate Plan.
 - Produce a Best Value Performance Plan and a Performance Management Framework document

7. Is there evidence, where available, to support the impact of the achieving or progressing the project / area of work / strategy

- 7.1 BV2 as well as the other strands in Moray Performs support continuous improvement. Moray Performs action plan provides the awareness of our performance on a corporate level and an indication of how we are meeting our statutory duties of best value in terms of continuous improvement.

8. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

BV2 supports national outcome 15 “Our public services are high quality, continually improving, efficient and responsive to local people’s needs. In particular, it addressed the commitment to be accountable to the community.

(b) Policy and Legal

The Moray Council requires to develop a continuous improvement framework to meet the Best Value legislation and prepare for the Best Value 2 audit.

(c) Resources (Financial, Risks, Staffing and Property)

The resources required to deliver BV2 will be allocated and monitored by Corporate Management Team. However it is the aim of BV2 to not create further scrutiny burdens on Councils.

(d) Consultations

There has been no consultation on the report.

9. CONCLUSION

9.1 The Council must meet the requirements of BV2 audit. To date the Council has submitted its self evaluation to inform the conclusions by the Moray LAN in relation to the level of scrutiny in future.

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Background Papers: Reports to Moray Performs Board
Ref: Moray Performs Board minutes.