

**MEETING: 7 MAY 2020**

**REPORT BY: SECRETARY TO THE COMMISSION**

**BEST VALUE ASSURANCE REPORT: ARGYLL AND BUTE COUNCIL**

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## **Purpose**

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Argyll and Bute Council.

## **Background**

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached BVAR (Appendix 1) is on Argyll and Bute Council. This is the first BVAR on the council and reports on the progress made by the council since previous Best Value reports.
4. The Controller of Audit reported to the Accounts Commission on the council in October 2013, June 2014 and December 2015. In October 2013, the Controller of Audit presented a statutory report to the Accounts Commission, under Section 102(1)(b) of the Local Government (Scotland) Act 1973. The Commission's findings were published in [October 2013](#) (Appendix 2). The Commission's findings on two follow up reports to this were published in [July 2014](#) (Appendix 3) and [December 2015](#) (Appendix 4).

## **The Controller of Audit report**

5. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
  - the accounts of local authorities audited under the Act;
  - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
  - the performance by a local authority of their statutory duties in relation to best value and community planning.
7. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

8. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

### **Procedure**

9. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
  - direct the Controller of Audit to carry out further investigations
  - hold a hearing
  - state its findings.
10. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
11. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
12. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

### **Conclusion**

10. The Commission is invited to:
  - a) consider the Controller of Audit's BVAR on Argyll and Bute Council; and
  - b) decide in private how it wishes to proceed.

**Paul Reilly**  
**Secretary to the Commission**  
**29 April 2020**

**BEST VALUE ASSURANCE REPORT: ARGYLL AND BUTE COUNCIL**

See separate paper.

**STATUTORY REPORT – ARGYLL AND BUTE: COMMISSION FINDINGS**

**OCTOBER 2013**

1. The Commission accepts the Controller of Audit's report on Argyll and Bute Council.
2. The Commission is seriously concerned about substantial risks to the council caused by the instability of leadership by elected members since the last council election. The council's ability to set and maintain a clear strategic direction is at risk of being compromised and the Commission is concerned that this will, in time, negatively affect the services that the council provides for the people of Argyll and Bute. We are also concerned about the negative effect that this is having on the council's reputation.
3. The quality of leadership of the council has been inadequate. We urge the elected members and the corporate management team to work together to provide stronger and effective leadership of the council. Effective working relationships between elected members, and between members and officers, need to be based upon mutual trust, respect and transparency. Elected members need to achieve a more effective balance between focusing on local issues and priorities and the longer term strategic objectives of the council and the best interests of the whole community of Argyll and Bute.
4. The Commission underlines the importance of the role of Monitoring Officer in supporting good governance. The role needs to be afforded trust and respect. Equally, members must have confidence in the comprehensiveness of information provided by officers to enable them to make considered decisions.
5. The council's current political management arrangements are not fit for purpose. The role that the full council plays is unsustainable and progress in securing effective scrutiny arrangements has been inadequate.
6. We are encouraged that the council recognises the need to change its political decision-making structures: it is crucial that the conclusions awaited from the short life working group established in this regard are considered carefully by the council. We await with interest to see how this is taken forward. Any new structure needs to be understood by all who fulfil a role in those structures, and all members need to engage fully in the new arrangements.
7. The challenges faced by Argyll and Bute Council are not unique. We are therefore pleased to note that the council recognises the value in seeking support from external sources: we would urge that this continue to be exploited through, for example, the use of peer support. We underline the importance of training and development support for all members. Elected members and officers must work together to ensure fuller use of - and participation in - such support.
8. There is much work to be done by the council and we note a further recent change in the council's political leadership. The Commission expects urgent progress to be made in early course. We require a further report by the Controller of Audit on the progress made by the council over the next six months.

**ARGYLL AND BUTE COUNCIL – FOLLOW UP: COMMISSION FINDINGS**

**JULY 2014**

1. The Commission accepts the Controller of Audit's report on Argyll and Bute Council.
2. The Commission is encouraged that the council is making progress against our previous findings of October 2013. But we note in particular the Controller of Audit's view that it is too early to assess the effectiveness of plans being implemented. We conclude that there is still much work to be done by the council to secure the improvements that we required in our previous findings.
3. The Commission therefore requires the Controller of Audit to report on progress by the end of 2015, with particular focus upon the effectiveness of the following:
  - Political management arrangements.
  - Scrutiny.
  - Roles and relationships, including between members and officers.

**ARGYLL AND BUTE COUNCIL: COMMISSION FINDINGS**

**DECEMBER 2015**

1. The Commission accepts this report by the Controller of Audit on progress made by Argyll and Bute Council since our 2013 and 2014 reports on Best Value in the council.
2. The Commission acknowledges and welcomes the progress by the council since 2013 in relation to improved governance, decision-making and scrutiny arrangements and the improving relationships between political groups and between members and officers.
3. Members and senior officers need to consolidate this progress by continuing to improve the council's openness, transparency and how it involves its communities in decision-making and scrutiny, in order to build the trust and confidence of service users and the public. More can be done to ensure a more effective contribution from area committees.
4. The council's current approach to the scale of the financial challenge it faces is not sustainable. This approach urgently needs to be more clearly linked to the council's priorities and based on rigorous appraisal of options for service redesign.
5. The Commission notes with disquiet the dysfunctional relationships which persist between a number of individuals. The Commission is firmly of the view that the interests of the public are best served by a shared commitment by all parties to maintaining constructive relationships and high standards of conduct.
6. We will maintain our interest in the progress made by the council. The Controller of Audit will continue to monitor progress through the annual audit process.