

MEETING: 9 DECEMBER 2021

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: FALKIRK COUNCIL

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 Falkirk Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide 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 Falkirk Council. This is the first BVAR on the council and reports on the progress made by the Council since previous Best Value reporting.
4. The Controller of Audit previously reported to the Accounts Commission on the Council in [August 2015](#) and the Commission's findings were published in the same month (set out in **Appendix 2**). The Commission required a progress report, which was presented to the Accounts Commission in November 2016, and the Commission's findings were published in [December 2016](#) (set out in **Appendix 3**). A further follow-up report was presented to the Accounts Commission in January 2018, and the Commission's findings were published in [February 2018](#) (set out in **Appendix 4**). Since then, Best Value follow-up work has been integrated with the annual audit, and reported in the [2018/19](#) and [2019/20](#) annual audit reports.

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

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

Paul Reilly
Secretary to the Commission
30 November 2021

BEST VALUE ASSURANCE REPORT: FALKIRK COUNCIL

See separate paper.

THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING: FALKIRK COUNCIL
COMMISSION FINDINGS

AUGUST 2015

1. The Commission accepts this report by the Controller of Audit on Best Value audit work in Falkirk Council.
2. While Falkirk Council provides generally good services, it has identified the need to make savings of £46 million over the next three years. The Commission has significant concerns that the council's approach to this challenge is inadequate to ensure that service standards are maintained and improved.
3. The council needs to make a step-change in its pace of improvement. A continuing reliance on small-scale savings projects, service reductions and service charge increases is not sufficient. The council needs to be more ambitious, coherent and clearer in its savings plans. These plans need to reflect its priorities and what impact they will have on services. The Business Transformation Project needs to be more strategic and stronger leadership is needed for this to happen. Councillors need to provide strategic direction for the project, and senior managers need to ensure that options on the future delivery of services are clearly articulated to members. Members' decisionmaking also needs better support from the council's performance management system.
4. The Commission welcomes that, after an unacceptable and protracted period of ineffective scrutiny in the council, members are participating in new arrangements. The council needs to demonstrate that scrutiny is now effective.
5. The council has a great deal to do to provide assurance that it can deal with the financial challenges ahead. The Commission therefore requires the Controller of Audit to report back on progress by the end of 2016.

**THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING: FALKIRK COUNCIL –
BEST VALUE AUDIT REPORT**

COMMISSION FINDINGS

DECEMBER 2016

1. The Commission accepts the Controller of Audit's report on Best Value in Falkirk Council.
2. In our findings in August 2015, we stated that the council needs to make a step-change in its pace of improvement. It is disappointing that we have not yet seen this.
3. While there has been much activity in the council in responding to our previous findings, we remain concerned that the scale of improvement required necessitates the council making more radical change. It urgently needs to agree its key priorities. These need to be supported by a more robust approach to financial planning for the medium and longer term and a more coordinated and streamlined approach to its improvement activity, showing how substantial change will be achieved. While a corporate workforce strategy is now in place, the council needs to show how this will drive and deliver change across services.
4. Increased collaboration among elected members in the budget process and in business transformation activity is encouraging. Scrutiny by elected members has also improved, but this could be more transparent. This needs to be supported by better reporting of performance by officers. The council also needs to demonstrate its change and improvement more effectively.
5. Strong and effective leadership by elected members and the corporate management team is critical for the council to address its challenges in coming years.
6. We continue to have a close interest in how the council is progressing. We 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.

BEST VALUE FOLLOW UP AUDIT 2017 – FALKIRK COUNCIL:
COMMISSION FINDINGS

FEBRUARY 2018

1. The Commission accepts the Controller of Audit's report on follow up work in relation to the audit of Best Value in Falkirk 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. The council has responded encouragingly to our December 2016 findings. An ambitious five-year improvement programme, supported by good commitment from members and officers, is an important development. Effective leadership and implementation of this programme will however be crucial as it is taken forward if it is to enable the council to do things differently.
3. The financial challenges faced by the council are substantial and pose a significant risk to the council. Improvements in financial planning and performance reporting are therefore welcome. The significant change required to meet these challenges will however need to be supported by robust project and workforce management. More clarity is also needed around the budget savings to be yielded from the improvement programme.
4. Many of the improvement actions are in the early stages of implementation and their effectiveness has yet to be established. We will therefore maintain an interest in how the council is moving from planning to delivery and so increasing its pace of change. Such progress will be reported through the annual audit. The Controller of Audit will update the Commission accordingly.