

MEETING: 7 OCTOBER 2021

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: SOUTH AYRSHIRE 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 South Ayrshire 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 South Ayrshire Council. This is the first BVAR on the council and reports on the progress made by the Council since previous Best Value reporting. The Controller of Audit previously reported to the Accounts Commission on the Council in [February 2014](#) and the Commission's findings were published in February 2014 (**Appendix 2**). The Commission required a progress report, which was presented to the Commission in [December 2014](#) and the Commission's findings were published in December 2014 (**Appendix 3**). A further follow-up report was presented to the Accounts Commission in [June 2016](#) and the Commission's findings were published in June 2016 (**Appendix 4**).
4. Since then, Best Value follow-up work has been integrated with the annual audit, and reported in the [2016/17](#), [2017/18](#), [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 South Ayrshire Council; and
 - b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
29 September 2021

BEST VALUE ASSURANCE REPORT: SOUTH AYRSHIRE COUNCIL

See separate paper.

BEST VALUE AUDIT – SOUTH AYRSHIRE COUNCIL:
COMMISSION FINDINGS

FEBRUARY 2014

1. The Accounts Commission accepts the Controller of Audit's report on the targeted Best Value audit covering leadership and culture, performance management and scrutiny in South Ayrshire Council.
2. We are seriously concerned about the council's inability, over a number of years, to fulfil and sustain its statutory Best Value responsibilities, ie continuous improvement in the above areas. The depth and pace of improvement in these areas have been inadequate and, while there are signs of improvement, these should have been established much earlier. However, we acknowledge and recognise that the performance of council services raised no significant concerns.
3. The people of South Ayrshire and its communities are entitled to expect the leadership of the council to take the steps necessary to embed and sustain continuous improvement and to address the major challenges facing the council. It is the responsibility of all councillors to provide strong strategic leadership and to ensure that the council has the senior management capacity to support change and sustain improvement. Equally, the public and council staff expect senior management to provide clear leadership and consistent corporate working to address the lack of progress to date and help deliver the future success of the council. In particular, the chief executive has a key leadership role in embedding a positive organisational culture.
4. Councillors and senior officers must have a clear and shared understanding of their respective roles and responsibilities. Working together, they must build trust and confidence that each will deliver what is expected of them in leading and managing the council. However well intended, it is not the role of a council Leader to be involved in the operational management of a council; that is the responsibility of the chief executive.
5. We are also concerned that the council has not had a corporate plan since 2012 and that this is likely only to be resolved in March 2014. A corporate plan has a key role in ensuring that all departments and individual staff are focussed on common strategic objectives. Without a plan, there is no clear statement of the council's priorities for services and improvement. Nor is there clear information about how it will address significant national issues, such as health and social care integration, in the context of other priorities and challenges.
6. Scrutiny and performance management arrangements are ineffective. Councillors must ensure that the council's scrutiny arrangements are fit for purpose and transparent. They must also insist on receiving comprehensive information that is accurate, timely and consistent across services. Officers must ensure that performance reports support effective scrutiny and that the underpinning management processes support service improvements. Commission findings South Ayrshire Council Page 5
7. We require progress to be made as a matter of urgency. Otherwise, the weaknesses identified by the targeted audit of Best Value will increasingly have a negative impact on the services that the council provides for people and communities in South Ayrshire and on the public's confidence in the council.

8. It is essential that the corporate plan and supporting service and resource plans are in place and that these are implemented and monitored from the start of the 2014/15 financial year. These must include a clear commitment to Best Value and how that will be achieved and sustained. Within these plans, the Commission requires explicit references to the significant weaknesses highlighted in the Controller of Audit's report. Those explicit references should set out specifically what will be done, by whom and when, and how progress will be measured and reported.
9. We are of the firm view that Best Value can only be achieved when councillors and officers have the necessary support and skills to carry out their roles. The challenges the council faces in establishing and sustaining effective leadership and improvement are both deep rooted and substantial. The council as a matter of urgency needs to seek external assistance through, for example, peer support and assistance from the Improvement Service.
10. We require a further report by the Controller of Audit on the progress made by the council by December 2014 at the latest, and earlier if the Controller identifies concerns that he considers should be brought to our attention before then. When we receive the Controller's report we will decide what further action we need to take. This may include a requirement for further reports from the Controller over time until the Commission is satisfied that a culture of improvement at the council is embedded fully.

BEST VALUE FOLLOW UP AUDIT – SOUTH AYRSHIRE COUNCIL:
COMMISSION FINDINGS

DECEMBER 2014

1. The Accounts Commission accepts the Controller of Audit's report on South Ayrshire Council. The Controller's report is in response to our findings on the Best Value report in February 2014 in which we noted that the challenges facing the council were deeprooted and substantial.
2. We welcome the council's positive response to our previous findings. We note that, in a relatively short time period, the council has made a good start in developing an improved framework to help it demonstrate Best Value. It now needs to ensure that this framework is effective in practice and leads to sustained improvements in governance, services and outcomes for communities in South Ayrshire.
3. More work is required in the range of areas highlighted in the Controller's report. We would highlight in particular the following points which are crucial in maintaining the momentum that the council has built in recent months:
 - The Best Value Working Group needs to continue to provide strong political leadership of the council's improvement agenda and ensure that the actions the council is taking to achieve Best Value are sustained.
 - The council needs to satisfy itself that it has sufficient management capacity to deliver its improvement agenda and meet the challenges the council faces.
 - The council needs to ensure that the new business planning framework is fully established and that, as intended, it provides focus on service performance and continuous improvement.
 - The council needs to progress service reviews, including robust appraisal of options for service delivery, to identify new and better ways of delivering services and to act on the results of those reviews to improve services.
 - The council needs to ensure that there is a shared understanding among officers and all elected members of their respective roles, and to ensure that the four new scrutiny panels provide effective and transparent scrutiny of performance.
4. We are encouraged by the council's achievements but it has a long way to go to embed fully all the characteristics of a Best Value council. We require the Controller of Audit to report again within 18 months.

BEST VALUE FOLLOW UP AUDIT – SOUTH AYRSHIRE COUNCIL:
COMMISSION FINDINGS

JUNE 2016

1. The Commission accepts the Controller of Audit's report on follow-up work in relation to Best Value in South Ayrshire Council.
2. In our findings in December 2014 we welcomed the positive response by the council to our critical findings in February that year. This was highlighted by evidence of significant action to address weaknesses. We now acknowledge and welcome the considerable further progress made by the council.
3. A strong culture of improvement is in place, built upon shared leadership by members and officers and improved relationships between elected members, demonstrated by the effectiveness of the Best Value Working Group and better scrutiny arrangements. The development of the senior management team has also been a significant contributory factor, and there have been encouraging efforts by the council to learn from other organisations in finding new ideas and fresh thinking.
4. It is imperative for the council to sustain its momentum, so that it can meet its duty of Best Value and in particular, address difficult decisions that lie ahead in reshaping council services in response to reducing resources. The momentum will be helped by:
 - continuity in the stability of its leadership arrangements
 - embedding its improvement culture further, at all levels in the council
 - continuing with the full appraisal of options for the future delivery of services
 - further improving its approach to engaging service users and communities.
5. We will maintain our interest in the council's progress. The Controller of Audit will continue to monitor progress through the annual audit.