

Address:
110 George Street
Edinburgh
EH2 4LH

Telephone:
0845 146 1010
Fax:
0845 146 1009

Website:
www.audit-scotland.gov.uk



Press release

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Accounts Commission announces findings following 'Best Value' Hearing at Aberdeen City Council

The Accounts Commission for Scotland says Aberdeen City Council is facing extremely serious challenges and needs support to help make the changes needed.

Today's findings are part of the council's Best Value audit, and were compiled following the Commission's public Hearing, held in Aberdeen two weeks ago (on 13 and 14 May).

The Commission says that the council lacks a full appreciation of the seriousness of its current circumstances. The council does not currently have the capacity to carry forward the changes that are needed and immediate action needs to be taken to recruit a new and experienced chief executive. The council also needs appropriate external assistance to help implement these recommendations and take forward the findings of the Best Value audit report.

The Commission is particularly concerned by:

- The organisational structure and the lack of effective leadership and direction in education and social work (the two largest services)
- Governance arrangements, particularly the need for more effective member scrutiny
- People management, with what appears to be a fundamental morale problem among many of the employees and a failure to engage with employees in the changes which have taken place or which have been attempted.
- The financial position. Over the past three years council expenditure has been significantly in excess of its budget, giving rise to concern over diminishing reserves and leading to the need for a substantial package of savings in the current financial year. The Commission says the previous record of not achieving savings means the Commission cannot have confidence that the projected savings will be achieved

The Commission makes recommendations, including:

- The establishment of an all party leadership board to take ownership of the improvement plan.
- Reviewing the Council's organisational structure as soon as the new Chief Executive is recruited, with full engagement with employees in considering the options for this structure.
- The appointment of an independent local government finance expert to establish whether the Council's proposed savings are accurate and achievable, and to closely monitor the delivery of the savings.
- Ensuring robust and effective scrutiny arrangements
- All significant property transactions should be signed off by both the Chief Financial Officer and Monitoring Officer to ensure appropriate governance and accountability.

John Baillie, Chair of the Accounts Commission for Scotland, said: "Aberdeen City Council has extremely serious problems with its management, governance and finances as well as the effective delivery of major services such as social work. It is essential that the council accepts the seriousness of its circumstances, pulls together and acts quickly and decisively to implement our recommendations. It will need specialist support from outside the council to do this. There are many challenges ahead but we hope to see changes soon that will help the council to achieve its Best Value duties for people in Aberdeen."

The Commission chose to take the unusual step of holding a Hearing when it considered the Controller of Audit's report on Best Value at Aberdeen City Council because it was particularly interested to hear first hand from the council and to gain a greater understanding of the council's difficulties in implementing its long-held vision for the area and its plans to improve its financial position..

Legislation requires the council to consider these findings at a meeting of the council within three months of receiving them, and to decide whether to accept any or all of these recommendations and what action to take in response to them. The Commission recommends that Scottish Ministers take appropriate action to ensure that, should there be any deficiencies in the implementation process, these are rectified.

The Commission will continue to monitor the council's circumstances through the Council's external auditors, and requires a further report by the Controller of Audit on progress made by the Council in twelve months' time. It will give consideration at that point to any further measures that need to be taken.

For further information contact Anne McCubbin, Audit Scotland tel: 0131 625 1653 amccubbin@audit-scotland.gov.uk or Fiona Deans, Audit Scotland tel: 0131 625 1651 fdeans@audit-scotland.gov.uk

Notes to Editors

1. Today's findings are based on the Controller of Audit's report, the written submission sent by the council's Chief Executive in advance of the Hearing, evidence given at the Hearing and documents referred to in evidence at the Hearing.

2. The Controller of Audit's report, today's findings and a full transcript of the Hearing proceedings are available on Audit Scotland's website www.audit-scotland.gov.uk

3. For more information on the Accounts Commission for Scotland and biographical details of the Panel members for the Hearing (John Baillie, Ann Faulds, Keith Geddes, Iain Robertson and Douglas Sinclair) go to <http://www.audit-scotland.gov.uk/accounts/index.htm>

4. The Accounts Commission for Scotland was set up in 1975 and operates independently of central and local government. The Commission checks whether local authorities, fire and police boards spend £18.9 billion of public money properly and effectively.

Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission.

The Accounts Commission is sometimes mistakenly referred to as the Audit Commission. The Audit Commission is a completely separate organisation that operates only in England.

5. Best Value is the statutory duty placed on local authorities to demonstrate their on-going commitment to providing better services to local people. Aberdeen City Council was the 21st council to undergo a Best Value audit, as part of the rolling programme affecting all local authorities in Scotland.

6. The Audit of Best Value is undertaken by Audit Scotland on behalf of the Accounts Commission. It responds to the Local Government in Scotland Act 2003, which gave councils a new power to promote or improve the well-being of their area and the people living within it and new responsibilities including:

- making arrangements which secure Best Value, defined as 'continuous improvement in the performance of the authority's functions, having regard to efficiency, effectiveness, economy and equal opportunities.
- discharging their duties in a way which contributes to sustainable development
- maintaining a community planning process
- making arrangements for reporting to the public on their performance
- meeting new rules relating to trading.

7. Key Features of the Audit are:

- The focus is on each council's performance over time rather than comparisons between councils. It takes account of differences in local priorities, constraints and opportunities and therefore league tables and scores are inappropriate.
- All 32 councils in Scotland will be audited, on a rolling programme basis
- Each audit results in a report to the Accounts Commission for Scotland
- A report will be published after each individual audit.

A full press briefing on the process and aims of Best Value is available on Audit Scotland's website: www.audit-scotland.gov.uk/accounts/pdfs/BestValuebriefingnote.pdf