

ABERDEEN CITY COUNCIL

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| COMMITTEE | Audit, Risk & Scrutiny |
| DATE | 23 rd February 2017 |
| DIRECTOR | Angela Scott |
| TITLE OF REPORT | Audit Scotland National Reports |
| REPORT NUMBER: | OCE/17/001 |
| CHECKLIST COMPLETED | Yes |

1. PURPOSE OF REPORT

The purpose of this report is to present a summary of Audit Scotland national studies published in the last cycle together with any actions taken or agreed to be taken by the Council in response to these.

2. RECOMMENDATION(S)

that the Committee:-

(a) note the detail of the reports:-

- “Local government in Scotland: Financial overview 2015/16”
- “How councils work - Roles and working relationships in councils: are you still getting it right?”

(b) consider officers’ comments.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

4. OTHER IMPLICATIONS

Every national Audit Scotland review is likely to have implications for this Council. The nature of the implications will vary depending on the subject matter. Officers are required to assess these and report to committees.

5. BACKGROUND/MAIN ISSUES

Audit Scotland has an annual programme of national reviews it undertakes. Some of these are specific to individual councils and Community Planning Partnerships, others are intended for local government and other public sector bodies more broadly.

Since the last time this was reported to Committee there have been 2 reports with direct significance for Aberdeen City Council.

- “Local government in Scotland: Financial overview 2015/16”
- “How councils work - Roles and working relationships in councils: are you still getting it right?”

A summary of each report is set out below.

A. Local government in Scotland: Financial overview 2015/16

This audit provides a high-level view of Scottish councils' financial performance and position in 2015/16. It is aimed primarily at councillors and senior council officers. It is in two parts:

- Part 1 focuses on the councils' income and expenditure in 2015/16 and trends over time.
- Part 2 comments on the financial outlook of councils at the end of 2015/16 and outlines important factors to be considered in assessing future spending plans.

Key messages

1. The overall financial health of local government was generally good in 2015/16 and there was a slight increase in overall reserves and a reduction in overall debt. Auditors did not raise concerns about the immediate financial position of Scotland's councils and, for the fifth year in a row, issued unqualified opinions on councils' accounts.
2. Significant challenges for local government finance lie ahead. Councils' budgets are under increasing pressure from a long-term decline in funding, rising demand for services and increasing costs, such as pensions. There is variation in how these pressures are affecting individual councils, with some overspending their total budgets or budgets for individual services such as social care. It is important that councils have effective budgetary control arrangements in place to minimise unplanned budget variances that can affect their financial position.
3. Councils need to change the way they work to deal with the financial challenges they face. All councils face future funding gaps that require further savings or a greater use of their reserves. There is variation in how well placed councils are to address these gaps.
4. Long-term financial strategies must be in place to ensure council spending is aligned with priorities, and supported by medium term financial plans and budget forecasts. Even where the Scottish Government only provides councils with one-year financial settlements, this does not diminish the importance of medium and longer-term financial planning. This is necessary to allow councillors and officers to assess and scrutinise the impact of approved spending on future budgets and the sustainability of their council's financial position.

There are no specific recommendations within the report, however, a number of questions are posed throughout which are then summarised within an Appendix as a “Self-Assessment Toolkit for Councillors”¹.

¹ http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_161129_local_government_finance_supp1.pdf

B. How councils work - Roles and working relationships in councils: are you still getting it right?

This report revisits the themes of Audit Scotland's 2010 "How Councils Work" report on roles and working relationships. It aims to help councils to consider their current governance arrangements and make any necessary changes, including their preparations for the new intake of councillors following the May 2017 local government elections.

The messages highlighted in this report centre on the main themes of the original "How Councils Work" report:-

- clear roles and responsibilities and arrangements for governance that are up to date;
- effective working relationships, with councillors and officers demonstrating appropriate behaviours;
- councillors having the skills and tools to carry out their complex and evolving role.

There are no specific recommendations within the report, however, a number of questions are posed throughout, in the form of "Checklist" questions, both for elected members and for officers. The checklist is attached as an Appendix to this report and cover the following areas:-

- Keeping governance up to date
- Clear roles and expectations
- Effective scrutiny
- Partnerships and arm's-length bodies
- The role of statutory officers
- Conduct and working relationships
- Councillors skills

CIPFA's good governance principles set the context for the report, and the checklists are designed to help councils assess their governance arrangements taking these principles into account. The questions and issues raised in the report will be responded to by Aberdeen City Council through the Governance Improvement Plan which is being developed following the pre-accreditation assessment recently carried out by CIPFA as part of the Governance Review. In this way, there is consistency in our approach, as the Improvement Plan will respond to the approach recommended by both Audit Scotland and CIPFA.

6. IMPACT

Improving Customer Experience –

The actions which flow from national reports will have varying impact on customers. From an internal customer perspective, these reports allow the members of the Audit, Risk and Scrutiny Committee to undertake their role on behalf of the Council.

Improving Staff Experience –

The impact of governance in local authorities is a key determinant of its effectiveness. The regular and consistent reporting of national level reports with implications for Aberdeen City Council strengthen governance. Depending on the subject matter of national reports the potential impact can be relevant for staff, customers and use of resources.

Improving our use of Resources –

The actions which flow from national reports will have varying impact on resources. These will be stated depending on the subject matter.

Corporate -

With regards to the national report referred to in this report, workforce planning is an integral part of corporate and service planning, underpinning the Council's to deliver quality services.

Public –

Whilst no direct implications arise from this “scrutiny” report, the Council's workforce planning arrangements must take account of the equality duty.

7. MANAGEMENT OF RISK

There are no identified material risks which would result from the approval of the recommendations in this report. The actions and recommendations contained in the report are a response to identified risks and are designed to mitigate these.

8. BACKGROUND PAPERS

Audit Scotland reports

- “Local government in Scotland: Financial overview 2015/16”
- “How councils work - Roles and working relationships in councils: are you still getting it right?”

9. REPORT AUTHOR DETAILS

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Summary Checklist Questions for councillors and officers to consider



Keeping governance up to date

As a councillor:

- How effective is governance in your council?
- Have your views been sought over the effectiveness decision-making and scrutiny, coalition working arrangements, or multi-member ward working for example?
- Do you think councillors provide strong and effective leadership?
- Do you feel that the council's senior management team has the capacity and capability to deliver the council's priorities?

As a chief officer:

- Have you consulted with councillors over the effectiveness of the council's governance arrangements?
- Do you regularly review governance eg schemes of delegation, standing orders and working protocols?
- How well has the council adapted its governance to take into account significant changes such as health IJBs and its use of arm's-length companies?
- Does your annual governance statement address significant issues and identify areas for improvement?

Clear roles and expectations

As a councillor:

- How well do you understand and observe the roles expected of you?
- Do you need further guidance on how to fulfil your role, for example protocols for member-officer working?
- Do you actively contribute to effective governance in the council, as well as fulfilling your representative role as councillor?
- Are officers accessible - and to what extent do they provide the right balance between supporting the administration and supporting the council as a whole?
- Where your council is led by a coalition, are the working arrangements clear?
- Where your council uses the executive or cabinet system, are the roles of the executive and nonexecutive groups clear?

As a chief officer:

- Do you feel you provide the right balance between supporting the administration and supporting the council as a whole?
- Have you reviewed the council's governance documents including schemes of delegation, guidelines and protocols to ensure they are clear and easily understood?
- Do you think all councillors are clear on their roles and have the necessary skills, and have you taken steps to support them?

Effective Scrutiny

As a councillor:

- How open is your council to scrutiny – is scrutiny encouraged as a means to improve services and make better decisions?
- Have you received training and support in your scrutiny role?
- Do you actively engage in scrutiny and ask constructive and challenging questions?
- Do you feel able to ask candid questions, for example about risks?
- To what extent does scrutiny take into account service user and community views?
- Are the chairs of the audit and scrutiny committees sufficiently independent?
- Do you get sufficient information to make balanced decisions, for example on the best options for delivering services?
- Does your council's scheme of special responsibility allowances reflect the importance of the scrutiny and audit functions?

As a chief officer:

- Do you periodically review the effectiveness of scrutiny - including its impact on decision-making?
- Are effective scrutiny and audit arrangements in place for services delivered through local partnerships or arm's-length bodies?
- Do you provide councillors with comprehensive information on services, costs and risks?
- Have you taken measures to engage service users and communities in scrutiny?

Partnership and arm's-length bodies

As a councillor:

- Do you think the governance arrangements for local partnerships, the health IJB, and the council's arms-length bodies are clear and fit for purpose?
- Do you have the necessary skills and abilities to undertake your role?
- Do you receive support and training on your roles and responsibilities in relation to any partnership or arms-length body that you sit on?
- Does your training specifically cover your legal responsibilities as a member or trustee in relation to the company or charitable trust that you are a member of?
- Do you make a strong contribution through your attendance and engagement at board meetings?
- Are the different aspects of the role clear eg providing strategic direction, scrutiny, audit, and representing the council or community?
- Is the performance of the local body or partnership sufficiently monitored and reported to council?
- Does the IJB have a common culture and purpose – is there a clear vision for improving care?

As a chief officer:

- Does your council provide sufficient training and support to councillors in their roles on local partnerships and boards?
- Does the council understand and observe the Following the Public Pound guidance? (eg setting clear criteria for funding, audit access, and monitoring)
- Does the council have a clear rationale for council representatives having a role on outside bodies and partnerships?
- Are you satisfied with the governance of the IJB including how its decisions are reported to the council?

The role of statutory officers

As a councillor:

- Do you understand the roles of statutory officers, and do you have confidence in their abilities and contribution? (eg monitoring officer, chief social work officer, chief finance officer)
- Have you received sufficient training on the roles and responsibilities of statutory officers?
- Do you/your committee understand how and when to consult with statutory officers?

As a statutory officer:

- Do you have sufficient influence to ensure the council operates effectively?
- Are you seen to be accessible in the support that you provide throughout the council?
- Do you have a constructive relationship with the senior management team?
- Are your views sought, and do you provide advice and direction to councillors and senior officials?
- Are the responsibilities of the statutory officer roles adequately set out in the council's governance documents?

Conduct and working relationships

As a councillor:

- To what extent do you think councillors work constructively together and show mutual trust and respect?
- Is there a culture of trust and openness between councillors and chief officers?
- Are you made aware of the behaviours and conduct expected of you?
- Are cross party or group meetings and member-to-officer working groups used and do they work well?

As a chief officer:

- Is sufficient guidance on roles and expected conduct available to both councillors and officers/employees?
- Do you have positive and constructive working relationships with officers?
- Are sufficient opportunities in place for cross party / group meetings, and for members to work with officers?
- Are such meetings constructive, and do they respect the principle for public debate and decision-making?
- Does the council undertake exit interviews for councillors and learn from them?

Councillor skills

As a councillor:

- How well do you understand your role in relation to the council, local community, and on partnerships and outside bodies?
- Is training and development sufficient for you to do your job?
- Are you able to make an effective contribution to scrutiny, audit, and financial aspects of council business?
- Do you take up training opportunities and make the most of advice and support from officers?

As a chief officer:

- Do you ensure that training and development opportunities are available to councillors?

- Does training include essential skills in areas such as scrutiny, audit and financial decision-making?
- Do you give sufficient support, information and guidance to councillors across their diverse roles, including partnerships and arm's-length companies?
- Do you tailor training to the individual needs of councillors make it available on an on-going basis?
- Do you seek feedback on the effectiveness of training and act on this?
- Has the council reviewed the facilities and support provided to councillors to help them make the best use of their time and skills?



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