

The background of the slide features a large, faint, light blue watermark of the City of Vancouver coat of arms. The crest includes a crown at the top with four maple leaves, a shield divided into four quadrants (top-left: a cross, top-right: a stag's head, bottom-left: a sailing ship, bottom-right: an eagle), and a banner at the bottom with the motto 'A NE FOR A'.

Agenda Item 9

Best Value Improvement Plan

Falkirk Council

Title: Best Value Improvement Plan
Meeting: Falkirk Council
Date: 21 September 2016
Submitted By: Chief Executive

1. Purpose of Report

- 1.1 The purpose of the report is to update Members on the progress of the Best Value Improvement Plan agreed by Council in October 2015; to advise Council of the emerging best value themes as set out in the Accounts Commission's overview of Local Government in Scotland which was published in March this year and finally to advise Council of the key messages contained in Audit Scotland's Annual Audit Report as they relate to the Best Value follow-up work.

2. Recommendation(s)

2.1 Council is asked to:-

- (1) note the update on the Best Value Improvement Plan;**
- (2) note the themes contained in the Overview of Local Government in Scotland report 2016; and**
- (3) agree that the Provost, Leader of the Council and Leader of the Opposition meet to consider how the Council should respond to the best value follow-up work with a report on the way forward being brought back to Members.**

3. Background

- 3.1 In considering my last report on this matter, Council agreed the following in March of this year:

- (1) to note the progress made in the Improvement Plan;
- (2) to note the expected timescale for the return of Audit Scotland to review progress;
- (3) that progress on implementation of the Improvement Plan will continue to be reviewed by the Provost, the Leader of the Council and the Leader of the Opposition, and
- (4) that a further progress report on the implementation of the Best Value Improvement Plan should be submitted to the Council meeting on 21 September 2016.

4. Considerations

Best Value Improvement Plan

- 4.1 The Provost, Leader of the Council and Leader of the Opposition met on 22 March 2016 to consider progress with the Improvement Plan. Members agreed that good progress was being made towards achieving the tasks set out in the Improvement Plan.
- 4.2 Attached as Appendix 1 is a position statement on the Improvement Plan at 8 September 2016. Commentary is provided against each of the improvement actions and progress is being made against each action.
- 4.3 One of the most significant actions which have been completed since my last update in March is the agreement by the Performance Panel in May to a three year programme of service reviews and self assessments. It is expected that these reviews will contribute towards meeting the challenges set out in the Council's Medium Term Financial Strategy. A report on this matter was considered by Council in June this year and a further report appears as a separate item on this agenda.
- 4.4 Progress on these reviews will be considered at meetings of the Business Transformation Board and Performance Panel.
- 4.5 The Business Transformation Board has requested that all future reports on service reviews/improvements should contain both a target financial saving and an up to date workplan.

Overview of Local Government in Scotland 2016

- 4.6 In March this year, the Accounts Commission published an overview of Local Government in Scotland 2016. [Overview of Local Government in Scotland](#). A report on this national document was considered by the Council's Scrutiny Committee on 15 September 2016.
- 4.7 The recommendations from the Accounts Commission in the national overview report are that Councillors should:
- satisfy themselves that their Council has a longer-term financial strategy (five or more years) supported by an effective medium-term financial plan (three to five years). These should show how the Council will prioritise spending to achieve its objectives, make any necessary savings and remain financially sustainable.
 - appraise all practical options for how to deliver the services their communities need within the resources available. This includes examining opportunities to work with and empower communities to deliver services in different ways and, learning lessons from others and from wider public service reform. They should ensure they get all necessary information and support from officers to help them fully assess the benefits and risks of each option.

- ensure their Council continues to develop workforce strategies and plans that clarify the numbers and skills of staff needed in future. In assessing their Council's workforce, Councillors should consider whether they have people with the knowledge, skills and time to support them effectively in making the difficult decisions that lie ahead, and to design and implement new ways of delivering services.
- make sure that decision-making processes and scrutiny arrangements remain appropriate for different ways of delivering services. This includes:
 - having clearly written and manageable information to help them make decisions and scrutinise performance
 - carrying out business openly and improving public reporting
- regularly review their personal training and development needs. They should work with Council staff and others to create opportunities to update their knowledge and skills in increasingly important areas such as financial planning and management, options appraisal, commissioning services, partnership working and scrutiny. These opportunities should also be available to any new Members after the local elections in 2017.

4.8 These national recommendations are echoed in the Best Value Audit Follow-Up Report of the Council.

Best Value Follow Up

4.9 As Members will be aware Audit Scotland undertook their follow-up Best Value audit of the Council in April and May this year. This involved interviews with senior Members and Officers, focus groups with Members and observation of a number of meetings.

4.10 The findings of the follow-up best value audit are included in the Annual Audit Report which will be considered by the Council's Audit Committee on 26 September 2016.

4.11 Set out below are the key messages as they relate to the best value work undertaken by Audit Scotland:

- The Best Value follow-up audit has found that despite a significant amount of activity taking place in response to the recommendations of the report, the pace of change at the Council is still slow. The Council has a number of improvement activities working in parallel but it is not clear how these relate to the Council's strategic priorities and the budget setting process. The recruitment of a Change Manager demonstrates awareness of the need to do more but this person will need to be supported at the highest level.
- The Council needs to agree priorities. The Corporate Management Team needs to work differently and lead a coordinated approach to deliver them.
- Performance reporting processes have improved but there is little evidence to suggest that performance management drives improvement within the Council.

- The financial challenges facing the Council have continued to increase with a 3 year budget gap of £46 million between 2015/16 and 2017/18 increasing to £61 million over the same timeframe between 2016/17 and 2018/19. This is in the context of a rising demand for services.
 - Falkirk Council will need to increase its pace of improvement and change the way it delivers services to respond to these pressures. Reliance on small-scale savings and workforce reductions will not be sufficient.
 - The Council's response to the findings of the Best Value follow-up audit will be critical to driving change and improvement in the future.
- 4.12 An extract from the Annual Audit Report as it relates to Best Value is attached as Appendix 2 to this report alongside the management action/response to the issues raised therein.
- 4.13 Council requires to decide how it wishes to deal with the key messages from the recent Best Value follow-up audit and the National Overview report. The very recent receipt of the Annual Audit report has meant that there has been limited time to consider it in any depth. At their standing pre-meeting ahead of this meeting (and in advance of the report being received), the Provost, Leader of the Council and Leader of the Opposition acknowledged the benefits of being able to consider the findings in more detail and to discuss the most appropriate way to develop a response to them, rather than rushing to an outcome at this meeting. It is accordingly suggested that they will meet to consider this matter with a future report being prepared for Members on the way forward.
- 4.14 The Accounts Commission will consider a report from Audit Scotland on their best value work later in the year. It is anticipated that the Accounts Commission will publish its findings on this work in December 2016.

5. Consultation

- 5.1 none

6. Implications

Financial

- 6.1 none

Resources

- 6.2 none

Legal

- 6.3 none

Risk

6.4 none

Equalities

6.5 none

Sustainability/Environmental Impact

6.6 none

7. Conclusions

7.1 Both the National Overview Report 2016 and the Council's Best Value Audit Follow-up Report move the best value agenda on from my last update to Council in March this year.

7.2 Our Best Value Improvement Plan now requires to be reflective of both of these documents.

Chief Executive

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Date: 20 September 2016

Appendices

Appendix 1 - Best Value Improvement Plan

Appendix 2 - Extract from the Annual Audit Report regarding Best Value

List of Background Papers:






The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

Best Value Audit 2015 Improvement Plan





Appendix 1



Generated on: 08 September 2016

1. Scale and Pace of Change




Action	Progress	Due Date	Responsible Officer
BVA15SPC0001 The Council will update its Workforce Strategy for approval by Members.	Workforce Planning Framework now in place which provides guidance and a template for a consistent approach to developing Workforce Plans across the Council. All Services now working on Plans with a view to completing Service level Plans by October and a Council wide Plan by December 2016. 	31-Mar-2016	Head of Human Resources & Business Transformation
BVA15SPC0002 A new Business Transformation Board will be established to enhance the governance of this programme with the Leader of the Council and the Opposition providing political leadership. Minutes will be made available to the Cross Party Budget Working Group.	Business Transformation Board reviewed in 2015 and membership now includes both the Leader of the Council and the Leader of the Opposition as members of the Board. They both started attending Board meetings on 9 November 2015. Meetings continue to be held, as previously reported, with this revised membership. Meetings took place in March, May, June and August. A schedule of meetings is in place for the remainder of the year including ones in September, October and December. 	30-Nov-2015	Head of Human Resources & Business Transformation
BVA15SPC0003 A Cross Party Budget Working Group will be established.	The Cross Party Working Group first met on 22 October 2015 and continues to meet regularly. The Working Group has considered a paper which reviewed the 2016/17 Budget and looked forward to the 2017/18 process. Work is now progressing with the 17/18 Budget process. 	31-Dec-2015	Chief Finance Officer
BVA15SPC0004 Officer involvement in the Business Transformation project will be realigned to support the new Board.	Officer involvement has been amended to reflect the concerns of Audit Scotland. 	30-Nov-2015	Head of Human Resources & Business Transformation
BVA15SPC0005 The Council will prepare a short term financial plan (2 years) and medium term financial plan (5 years) and a long term financial plan (10 years).	The Council already has a short term financial plan but work is currently progressing with Services & the Research Unit to develop a more robust medium term (5 year) plan. An intelligent & selective approach will be adopted for timeframes beyond that. The short and medium term financial framework will inform the 2017/18 Budget round and will be reported to Members. Due date for this action changed from 31 March 2016 to 31 March 2017. 	31-Mar-2017	Chief Finance Officer



2. Scrutiny

Action	Progress		Due Date	Responsible Officer
BVA15SCR0001 All Councillors will continue to participate constructively in the Council's governance arrangements.	<p>Since November 2015 opposition members have participated in policy development panels and scrutiny panels established since then.</p> <p>Currently there are four active Policy Development Panels:</p> <p>Open Space Strategy (there are no opposition members on this panel as it was established prior to November 2015); Falkirk Community Trust; Civic Licensing; and Inclusion and Additional Support Needs.</p> <p>In the case of the latter three Panels all have cross party membership (with Councillor Alexander confirming in August of his wish to join the Civic Licensing Panel).</p> <p>The Scrutiny Panel on the Outcomes of Looked after Children will report to Scrutiny Committee on 17 November 2016. A Scrutiny Panel which will look at complaints outcomes will meet in October and will be chaired Councillor Bird.</p>		31-Dec-2016	Chief Governance Officer
BVA15SCR0002 Council considers that its scrutiny arrangements meet best practice principles and that holding the Performance Panel in private while making its reports and minutes public is appropriate for our circumstances and enhances the effectiveness of the Panel.	No action required.		30-Oct-2015	Chief Governance Officer
BVA15SCR0003 Training and development opportunities will be made available to councillors to enhance their scrutiny skills and guidance will be drawn up to assist constructive engagement with the scrutiny process.	A mock committee meeting will be arranged in conjunction with the Improvement Service to allow Members to put into practice the principle of the scrutiny training held prior to the recess. Members requested, in June, a briefing on the Community Empowerment (Scotland) Act and its implications for Falkirk Council. This was held on 30 August 2016. A briefing for Members on CITRIX was held on 22 August 2016.		31-Mar-2016	Chief Governance Officer
BVA15SCR0004 The Council will continue to hold its Performance Panel in private but publish on its website the reports submitted to the Panel and the minutes of the meetings.	The agendas including reports and minutes are published on the Council's website. The papers for the meetings since 19 November 2015 up to and including the most recent meeting on 11 August 2016 are available on the website.		31-Dec-2016	Chief Governance Officer

Action	Progress		Due Date	Responsible Officer
BVA15SCR0005 The Council will consider the information and training needs of Members through the Personal Development Plan process and by providing specific training and development opportunities on scrutiny, budgeting and performance management.	<p>Training Needs Analysis for all Members was completed by April 2016. Personal Development Plans (PDPs) have been extended and work is ongoing in the preparation of these Plans to include training identified in the TNA process. A training programme will be developed to cover all identified individual training needs. This training is in addition to the following training sessions previously held:</p> <p>Performance Management - 2 February 2016 Treasury Management - February / April 2016 The Role of the Audit Committee - 15 May 2016 Financial Planning/Budgeting - 23 May 2016 Effective Scrutiny - 26 May 2016 Community Empowerment (Scotland) Act - 30 August 2016</p>		31-Mar-2016	Chief Governance Officer
BVA15SCR0006 A review of other Councils' experience with local protocols will be carried out to establish how effective they are deemed to be with a report back to Council on the outcome of that review.	A report on the outcomes of a review of other Councils' experience with local protocols will be considered by the Provost, Leader of the Council, Leader of the Opposition and the Chief Executive on 23 September 2016. The report includes a summary of protocols provided by other local authorities and highlights the principal issues which could be considered for inclusion in a local protocol, should this be pursued.		31-Mar-2016	Chief Governance Officer

3. Performance Management and Reporting

Action	Progress		Due Date	Responsible Officer
BVA15PM0001 A programme of reviews and self-assessments will be submitted to the Performance Panel by March 2016.	A programme of reviews and self assessments was agreed by the Performance Panel in May. Progress updates are included in a subsequent action (BVA15PM0002). This action is now complete.		31-Mar-2016	Head of Policy, Technology & Improvement
BVA15PM0002 A systematic programme of service reviews and self-assessments will be undertaken to influence the Council’s budget strategy and improvement agenda.	Assessment dates for the agreed programme presented to Members in May 2016 have been circulated to Services. One self assessment is ongoing with an action plan scheduled to be developed in quarter four of 2016. The remaining 2016 self assessments are scheduled to commence in quarter four of 2016, with action plans following in quarter one of 2017.		31-Mar-2019	Head of Policy, Technology & Improvement
BVA15PM0003 The Council’s new guidance on Performance Management will be rolled out.	The performance management framework is now in use within Services. This action is now complete.		31-Dec-2015	Head of Policy, Technology & Improvement

Action	Progress	Due Date	Responsible Officer
BVA15PM0004 Take forward actions agreed by Scrutiny Committee in October 2015 on public performance reporting.	Scrutiny Committee agreed improvement actions to be progressed by Services. These included reviewing the recommendations in the Audit Scotland report and reviewing information published under the SPI1 & SPI2 indicators. In addition, the Council's website has been updated to link to the most recent LGBF indicators and Service information submitted to the Performance Panel under the revised reporting framework has been published in the performance section of the website. The complaints report for 2015/16 will be published shortly. A single document that captures the range of reporting arrangements in place throughout the Council has been produced and this is being used to develop a format for an annual performance report covering the Council's important indicators. 	31-Mar-2016	Head of Policy, Technology & Improvement
BVA15PM0005 Performance reports will be developed through the Performance Panel to reflect the good practice outlined. These reports will in turn, be published on the Council's website.	The report template is used by Services to report to the Performance Panel. This action is now complete. 	31-Mar-2016	Head of Policy, Technology & Improvement

Best Value



Best Value audit

- 130.** In August 2015, the Commission expressed significant concerns that Falkirk Council's approach to Best Value, and in particular to its financial challenges, was inadequate. Since then, a considerable amount of activity has taken place in the council to respond to these concerns. It is acknowledged that a relatively short-time has passed since the audit, so it is too soon to fully assess whether sufficient change will result from this activity. However current evidence suggests that it is not enough to make the impact needed.
- 131.** The council accepted the Commission's findings and produced a plan to address the areas for improvement identified. While this plan sets out actions for each area of improvement, it is high level with a

focus on process rather than ensuring that the actions lead to the improvements required. The actions themselves lack depth and are not well embedded in council business. Officers now acknowledge this and plan to develop this going forward.

- 132.** The Commission said that the council needed to make a step-change in its pace to transform and improve services. It was concerned that the council's reliance on small-scale savings projects, service reductions and service charge increases was not sufficient. The financial challenges facing the council have increased and it needs to make savings of £36 million over the next two years to 2018/19. The pace of improvement is still slow and the council has continued to rely on the same approaches to bridge its budget gap.
- 133.** The council has taken steps to prioritise its service review programme, and established a series of individual Strategic Reviews. It still lacks clear and cohesive strategic priorities overall that can drive a co-ordinated and longer-term approach to improvement. The council needs to provide a stronger focus on the transformation of services and what impact this will have on local people. There is little evidence that the budget setting process and savings plans are closely linked to corporate outcomes or priorities for improvement. This is a significant gap.
- 134.** In the council's Best Value improvement plan, it commits to developing medium and longer term financial plans. It has not yet done this and does not currently have financial plans extending beyond a year. Further challenges and uncertainties over future

funding and income for councils are expected. Rather than limiting its forward planning, the council needs to respond to this environment by producing a range of scenarios which go beyond incremental cost saving measures and which focus more on redesigning service delivery. We acknowledge that longer term planning can be more challenging in the run up to council elections, but this does not act as a barrier to effective medium and long term planning in other councils. It is essential that the elected members and senior management work together to overcome this as a matter of urgency.

- 135.** In its 2015 findings, the Commission welcomed that, after an unacceptable and protracted period of ineffective scrutiny members were participating in new arrangements. It noted that the council needed to demonstrate that scrutiny is now effective. Under these revised scrutiny arrangements, elected members are now working well together. Disagreements and debates between politicians do take place, which is to be expected to some extent in any healthy political environment. But, members are now more aware that they must operate together constructively to support the council's work and act in the overall interests of local communities.
- 136.** The council continues to use a broad range of performance management tools but it still needs to do more to ensure that performance management makes improvement happen. It has taken steps to coordinate how it reviews services to target where improvement would result in most benefit. The council needs to do more to identify and track the savings and benefits expected as a result of its improvement activities and strengthen linkages with the

budget setting process. It has revised the performance information it provides to members and the public, with better use of narrative and benchmarking to show how the council performance compares with others. However, it has not developed improvement action plans that can be monitored and challenged by both members and officers. This means that members are not getting assurance that actions are followed up, that they are delivered on time and that they are achieving the benefits intended.

- 137.** Overall, the approach taken by the council has made limited progress in making the step change required. Given that this is in the context of a considerable amount of activity taking place, it may be that the improvement required is a considerable challenge for the council. It has made some progress and there is awareness and recognition of the need to do things differently. But translating this into more radical change has not yet happened. The council has recruited a manager for its change programme which is a positive step in improving capacity, and senior management will need to ensure that this initiative is supported at the highest levels to ensure it delivers its objectives.
- 138.** The scale of the challenges facing councils is increasing. It is essential that Falkirk Council approaches these challenges differently as its actions to date are unlikely to deliver the change required. The council needs to agree clear priorities. The Corporate Management Team (CMT) should lead a focussed and coordinated approach to deliver them. Senior officers should challenge each other to do things differently and hold each other to account. The CMT now acknowledge this and is looking at the culture and

leadership approaches of some other councils. The CMT now needs to agree on how it is to apply the lessons learned to drive change. It should continue to seek external views or assistance where this could help.

Recommendation 7

139. The Accounts Commission will publish its findings on the Best Value follow-up audit by the end of the calendar year.

Procurement

140. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice.
141. The most recent PCA assessment was carried out in December 2014 when the council was awarded a score of 70 or 'improved performance', representing a ten point increase from 2013 and only five points away from achieving superior performance.
142. Following the Procurement Reform (Scotland) Act and the Public Contracts (Scotland) Regulations 2015 a new assessment regime was introduced as part of the new Procurement and Commercial Improvement Programme (PCIP). It came into effect on the 18 April 2016 and has new sections including fraud awareness & prevention and commercial acumen.
143. The council's assessment under this new regime took place on 11 July 2016 and was attended by a Scottish Government observer.

The council were assessed as being in the top band (of which there are twelve) with a score of 70.

144. In addition, the council has carried out a self-assessment in line with the recommendation in the Audit Scotland report 'Procurement in Councils' (April 2014) and the subsequent impact report published in February 2016. The outcome of this exercise was reported to the scrutiny committee in June 2016 and confirmed that the council mostly complied with good practice.
145. We concluded that the council has good procurement practices in place and is committed to continuous improvement.

Following the public pound

146. Local authorities have a statutory responsibility to comply with the Accounts Commission/COSLA Code of Guidance on funding external bodies and following the public pound.
147. The council's financial regulations contain a specific section on following the public pound. These emphasise that services must adhere to the council's 'Funding at Falkirk' guidance for allocating funds to external organisations. The guidance applies where funding is provided, or transferred, to arms-length bodies such as companies, trusts and voluntary organisations.
148. Also, there is a dedicated officer within the community, policy and planning service who provides advice on funding to external organisations. He must be consulted before any proposed funding is progressed.

- 149.** Furthermore, formal reporting and monitoring arrangements have been put in place for funding to external bodies. A 'Following the Public Pound' report must be submitted to the council's external scrutiny committee for approval where an application for funding exceeds £20,000 or covers multiple years. These reports include details of the applicant's business, how their work relates to the council's aims and a financial performance risk assessment. Applications for smaller amounts are delegated to a chief officer for approval.
- 150.** We concluded that the council has appropriate arrangements for ensuring compliance with the Code of Guidance on funding external bodies and following the public pound.

Performance management

- 151.** The 2015 Best Value report said that the council needed to improve the performance information it reports to members and the public. In November 2015, officers introduced a new performance reporting template to improve the performance information it reports to the performance panel. Reports now make better use of narrative and benchmarking information to provide context on what is being reported. Additionally, a system of exception reporting is used to draw attention to those performance indicators which are slightly or significantly below target. This provides greater focus on the areas for improvement. These reports are made available on the council's website following the meetings.

- 152.** The Commission also said that the council could use its self-assessments and service reviews more effectively to achieve improvement and transform services. In May 2016, the council agreed a programme of performance reviews which include structured self-assessments and in-depth service reviews. This is a positive step but it is too early to assess the effectiveness of this programme. The council should ensure that the programme is used to target resources to delivery priorities and drive continuous improvement. There should also be clear links between the programme, savings plans and the budget setting process.
- 153.** Despite these developments, the Best Value follow-up audit has found that there is still limited evidence that performance management is making improvement happen. The council has not developed tracked action plans as previously recommended and therefore no assurance is provided to members on how improvement actions are followed up and whether they are delivered on time.

Recommendation 8

Overview of performance targets in 2015/16

- 154.** The council participates in the Local Government Benchmarking Framework (LGBF). The framework aims to bring together a wide range of information about how all Scottish councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them.

- 155.** The LGBF section on the council website contains information about all areas of council performance, including a service overview, a brief overview of performance against LGBF indicators and action the council is taking to improve performance.
- 156.** Services continue to report performance periodically to the Performance Panel and include an annual performance statement within the relevant Service Performance Plans. In some instances we noted a time lag in the performance information provided to members.
- 157.** A review of the service annual performance statements for 2015/16 found that complete information was only provided for 47% of indicators. This can be justified in some cases, for example, examination success indicators are not available until later in the year. However, it is not clear what the reason is for all unreported indicators.
- 158.** Of those indicators reported, 53% reported improved performance, including the number of modern apprentices in council programmes, tenants satisfied with their new home and rent loss through empty properties. 31% of indicators reported a decline in performance including street light repairs completed within 7 days and average time to complete emergency repairs. Performance remained static across 16% of indicators.
- 159.** Given the circumstances we are unable to form a judgement on the council's performance as a whole for the year. Officers need to ensure that members and the public are provided with timely and

complete performance information to enable them to scrutinise performance effectively.

See also recommendation 8

Statutory performance indicators (SPIs)

- 160.** The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.
- 161.** For 2015/16 three (SPIs) were prescribed:
- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
 - SPI 2: covering a range of information relating to service performance
 - SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.
- 162.** Our audit responsibility in relation to SPIs is forward looking and the focus is on the arrangements in place for the collection, recording and reporting of information in relation to SPIs 1, 2 and 3.
- 163.** Audit Scotland's Performance Audit and Best Value group carried out an evaluation of all Scottish councils' approaches to public performance reporting last year (this was based on 2013/14 SPIs). The council prepared an improvement plan in response to the

findings; however, there are a number of areas within this plan that still need to be progressed.

- 164.** We have reviewed the council's arrangements for collecting recording and publishing data in 2015/16 and concluded that they are adequate. Some of our key assurances include:
- The council uses Covalent to capture performance information throughout the year.
 - A timetable is in place and has been communicated to relevant staff.
 - The council's internal audit section provides independent assurance on the validity of SPI information through annual verification of some SPIs. We reviewed the work performed by internal audit in 2015/16 and were satisfied with their conclusions.
 - We have been advised that an annual performance statement is in development. This will provide a full picture of the council's performance for the year and will be published in Autumn 2016. This is a key development in terms of the council's reporting.

Local performance audit work

- 165.** In November 2013 Audit Scotland published a report entitled *Scotland's public sector workforce*. The aim of the report was to assess if public bodies, including councils, are managing their workforces effectively.

- 166.** Audit Scotland asked external auditors, across the public sector, to undertake follow-up audit work on the 2013 report. A standard questionnaire based on the report's findings was issued to external auditors to complete.

- 167.** Our follow-up audit highlighted that there were a number of areas where improvements were required, including:

- workforce plans are not prepared for all services
- existing workforce plans are not consistent in structure and content
- workforce plans do not include succession planning over the medium to longer term.

- 168.** The council has taken steps to improve performance including approval of a workforce strategy supported by detailed guidance in the form of a workforce planning framework. Our findings were part of the evidence used in the Best Value follow-up audit.

- 169.** As reported at paragraph 77, we concluded that the council has taken steps to develop workforce planning arrangements but these are still in the early stages of development.

National performance audit reports

- 170.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which were of direct interest to the council. These are outlined in [Appendix III](#) accompanying this report.

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171. Falkirk Council has arrangements in place for considering all national audit reports published by Audit Scotland. These reports are considered in detail by the scrutiny committee, or other relevant committee, including actions being taken locally to improve performance.
172. In addition, the audit committee receives an annual report summarising details of Audit Scotland reports published during the year and which committee formally reviewed them. This provides assurance to members that all national reports and their impact on the council are subject to review and scrutiny.

Outlook

173. Falkirk Council faces the significant challenges of reducing budgets, an aging population with higher levels of need and the public expectation of high quality services. Savings have been made in recent years largely by reductions in the workforce. As choices on how to address funding gaps become increasingly difficult, the council needs to challenge existing ways of doing things. A strong and effective performance management framework driven by clear and focussed priorities will be critical to the success of the council delivering Best Value.
174. Falkirk Council's response to the conclusions of the Best Value follow-up audit highlighted in this report and the subsequent findings of the Accounts Commission later in the year will be critical to paving the way for the future.

Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
3.	58	<p>Financial Planning</p> <p>Medium and long term financial planning has not been developed as outlined in the council's Best Value improvement plan.</p> <p>Risk: The council is not well placed to address the significant financial challenges ahead.</p> <p>Recommendation: Despite the uncertainty over future funding and income, the council should plan for a range of scenarios in the medium and long term.</p>	<p>Financial planning is being developed and specific commitment has been given to Members for this updated financial framework to inform the Budget reports to Council in December 2016 and February 2017.</p> <p>It is recognised that scenario planning needs to be developed and work is also underway with this.</p>	<p>Chief Finance Officer</p> <p>December 2016</p>

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
4.	62	<p>Improvement Programme</p> <p>A number of improvement activities are planned or ongoing but it is not clear how these activities are aligned with the council's strategic priorities, budget setting process and each other. The council has recruited a change manager who will be responsible for coordinating activity within the improvement programme.</p> <p>Risk: The lack of co-ordination between improvement activities could lead to inefficiencies and the failure to deliver against strategic priorities. The change manager does not receive good support from senior management and is unable to deliver.</p> <p>Recommendation: The council should review arrangements for the overall management of improvement activity and ensure that this is closely aligned with strategic priorities and the budget setting process.</p>	The Council will review its improvement programme to ensure consistency in language, linkages to priorities and the budget process.	Director of Corporate and Housing Services Ongoing

Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
5.	77	<p>Workforce Planning</p> <p>Workforce reductions for 2016/17 were not informed by a workforce strategy and plans. Severance costs were also not included in the budget. The ongoing financial challenges faced by the council means it may need to reduce its workforce further.</p> <p>Risk:</p> <p>The council's workforce is not well shaped for the future and the delivery of services in a changing and challenging environment.</p> <p>Recommendation:</p> <p>The council needs to ensure that workforce reductions are managed within the context of the revised workforce strategy and informed by detailed workforce plans. Budgets should reflect any planned workforce changes.</p>	<p>Severance costs are provided for in the Spend to Save Reserve and from earmarked capital receipts.</p> <p>Workforce plans are now actively being developed by all Services with the aim of having both Service specific and a Council wide plan prepared by the end of the year to help inform the actions to be taken to support the budget strategy. These plans are being developed in line with the Council's recently revised Workforce Strategy and supporting guidance contained within the Council's Workforce Planning Framework which will enable a consistent approach to workforce planning.</p>	<p>Corporate Management Team</p> <p>Ongoing</p>

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No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
6.	92	<p>Strategic Planning</p> <p>The council's strategic planning is in a period of transition and there is a lack of clarity around the council's priorities. Improvement activity and the budget setting process are not clearly aligned to strategic priorities.</p> <p>Risk: Resources are not targeted consistently and effectively towards the council's strategic priorities to deliver outcomes for local communities.</p> <p>Recommendation: The council needs to identify and clearly communicate its strategic priorities and ensure that all activity is aligned with these priorities.</p>	The Council will review its priorities internally and externally as part of its contribution to the Community Planning Partnership SOLD.	Corporate Management Team November 2017

Appendix IV: Action plan

No. AS ref.	Paragraph ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
7.	138	<p>Leadership</p> <p>The overall approach taken by the council in response to the 2015 Best Value report has not achieved the necessary change and the pace is still slow. This is in the context of a considerable amount of activity which suggests that the improvement needed is a significant challenge for the council.</p> <p>Risk: The pace of change does not increase and the council is not well prepared to tackle the financial challenges ahead. This would have a detrimental impact on local outcomes.</p> <p>Recommendation: The corporate management team needs to lead a focussed and coordinated approach to improvement. Senior officers need to hold each other to account and challenge each other to do things differently. Seeking assistance from external parties may be part of this.</p>	<p>A number of strategic reviews have been established which will provide the opportunities for a significant step change in how the Council operates. These include for example a strategic property review, a review of models of alternative service delivery and a review of income generation. These reviews are expected to contribute to the savings necessary to meet the challenges in the Council's medium term financial strategy.</p> <p>Corporate Management Team has been working with a number of Councils to establish best practice and lessons learned for making these significant changes. Work with these Councils and other organisations who can assist in informing change and improvement programmes will continue.</p>	Corporate Management Team Ongoing